FOREIGN AGRICULTURE

May 26, 1975

SPECIAL ISSUE ON MARKET DEVELOPMENT

USA

American farmers have responded magnificently during the past several years to produce food and fiber for this Nation and the world. This has made agriculture our leading source of foreign exchange. This year, despite very trying circumstances, most farmers are again seeking full production. They have my support for a vigorous export policy for their products. I recognize that agricultural exports have been restrained twice in the past two years. We have now eliminated all restrictions on exports and we are determined to do everything possible to avoid imposing them again. Our farm products must have unfettered access to world markets.

President Gerald R. Ford
May 1, 1975

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURE

Vol. XIII • No. 21 • May 26, 1975

In this issue:

The Secretary of Agriculture has determined that publication of this periodical is necessary in the transaction of public business required by law of this Department. Use of funds for printing *Foreign Agriculture* has been approved by the Director, Office of Management and Budget through June 30, 1979. Yearly subscription rate: $34.35 domestic, $42.95 foreign; single copies 70 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.

A New Era In International Agriculture

IT WAS MY GOOD FORTUNE to be Assistant Secretary of Agriculture during the middle 1950's when Public Law 480 was enacted and the market development program got under way. Reflecting on that period, I think of it as quite historic and forward looking—a time in which some of the groundwork was laid for the successes of recent years in agricultural trade.

For example, it was in 1954 that P.L. 690 was enacted, authorizing the Secretary of Agriculture directly to assign agricultural attachés to American embassies overseas, to develop markets and acquire intelligence on demand and competition. This laid the basis for the world's finest system of agricultural reporting and analysis—now including attachés assigned to 63 posts and reporting on conditions in more than 100 countries.

The current year is in many ways a landmark year in international trade and food aid—as was 1955. It can be regarded as the end of a 20-year era and the beginning of a new period. It foretells a future in which the American farmer may be recognized as the man of the century—a dominant world figure in trade and aid as well as a productive example to the world. Why do I say this?

(1) The Trade Act of 1974 is now the law of the land, providing the President with the negotiating tools needed to seek further liberalization of world trade.

(2) We are pursuing in Geneva the first general round of trade negotiations under the General Agreement on Tariffs and Trade since the mid 1960's. One of the goals is a more expansive trade system in the interest of American agriculture.

(3) U.S. food aid has been expanded under P.L. 480, a program that in 22 years has sent $25 billion worth of farm commodities to needy nations overseas and helped some of them to become major commercial customers.

(4) Since the World Food Conference last fall, the United States has acted to improve the world's food security system—through discussions in the International Wheat Council and agreement with the International Undertaking on World Food Security proposed by Director-General Boerma of the Food and Agriculture Organization.

(5) U.S. farmers are operating under a policy of full production. We look this year for substantial increases in major crops, assuming normal or near normal weather.

The United States is not the only place where other countries can buy farm commodities. Nor are we the only producing country that likes to earn foreign exchange by exporting farm products. That's why most of our competitors are spending more market development money in proportion to annual export sales than we do.

As food supplies improve, it will become even clearer that a supplier who wants to stay in the world market must carry on a sound and consistent market development program. This is true for individual companies, and it is true for countries, too.

—EARL L. BUTZ, *Secretary of Agriculture*

Foreign Market Development— A Government/Industry Team

By DAVID L. HUME
Administrator
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Last week marked the 20th anniversary of the USDA/industry foreign market development program for U.S. agricultural products. Since that beginning—a joint program initiated May 23, 1955, with the National Cotton Council of America—dramatic changes have taken place in world production and trade. The unique market development program that helped bring about those changes is the subject of this special issue of Foreign Agriculture.

Twenty years ago this country was beset by huge agricultural surpluses, depressed farm prices, and stagnant exports. Storage facilities were overflowing. Domestic farm program costs aimed at curtailing production were climbing. Agricultural trade was actually in deficit; U.S. agricultural imports were considerably larger than exports. The gap between average farm and nonfarm income was growing.

The agricultural situation today contrasts sharply with that of 20 years ago. Farm exports in fiscal 1975 will exceed $22 billion, a sevenfold increase over the 1954 level, and will exceed agricultural imports by over $11 billion. For the first time in 100 years, per capita farm income in 1973 and 1974 equaled income of nonfarmers. Domestic farm program costs in fiscal 1975 will be the lowest in many years. The long-term outlook for U.S. agriculture is bright, and the growing agricultural export potential is largely responsible.

This dramatic change in U.S. agriculture did not just happen. An important engine of this change has been the USDA/industry market development program, which enabled U.S. exporters of farm products to capitalize on market opportunities resulting from such factors as economic development and population growth. This program, administered by the Foreign Agricultural Service (FAS), is a long-term Government/industry effort to develop, maintain, and expand commercial foreign markets for a wide variety of U.S. agricultural products in support of domestic agricultural policies and programs.

USDA funds for foreign market development are made available under the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) as amended. In drafting P.L. 480, Congress conducted exhaustive studies of the appropriate role of Government in expanding agricultural exports.

It was recognized that U.S. agricultural production and marketing are carried out in an environment substantially different from that of the manufacturing sector of the economy. For many agricultural commodities, the timing of production and sale is determined largely by nature, and the individual farmer has few opportunities to make major adjustments after the production cycle begins.

The farmer's choice of crops to grow is limited by environmental factors such as climate and land. His output rarely can be differentiated from that of other farmers, and he has little control over his production after it leaves his farm. Individually, the U.S. farmer has no practical way to promote his product either in domestic or foreign markets.

Individual exporters generally do not promote agricultural products as such, because competitors would benefit from their market development efforts for commodities that cannot be differentiated. In addition, most of the major bulk commodity exporters are multinational corporations handling the same commodities from many origins.

Because of these factors, Congress determined that U.S. Government involvement in export promotion of agricultural products is essential. Federal funds were appropriated for this purpose in recognition of the fact that farmers and many nonfarm groups gain direct benefits from agricultural exports. Beneficiaries, in addition to farmers, include food, feed, and fiber handlers and processors; the transportation industry; farm machinery and equipment manufacturers, the fertilizer and farm chemicals industries, farm credit institutions; and a wide variety of other groups.

Program Approach

Congress confirmed the USDA decision to work with nonprofit agricultural producer associations representing U.S. farmers wherever practicable in conducting the progam. This was a wise decision, and the close working relationships developed between FAS and these industry groups have proved to be a primary factor in the program's success. Most market development activities are planned, implemented, evaluated and financed jointly with these producer associations. A large number of U.S. firms, foreign firms, and trade groups also participate in the program, and in recent years State groups have become increasingly active in export expansion activities.

About 40 agricultural producer associations (called "Market Development Cooperators") work with FAS on a continuing basis, while about two dozen others undertake short-term projects. Within the United States, support for the program comes from more than 3.5 million individual farmers, cooperatives, and agriculturally related firms (totals include some members counted in more than one organization). Cooperator activities are carried out under contractual agreements with FAS.

Programs are approved where there are identified foreign market opportunities and clear evidence that U.S. producers will normally produce quantities above the usual domestic requirements. Finally, the proposed program must not duplicate other programs or conduct activities that private industry could be expected to perform alone. A brief description of each program begins on page 10 of this issue of *Foreign Agriculture.*

FAS urges U.S. cooperators to work closely with and solicit support from foreign firms and trade associations in conducting program activities. At present U.S. cooperators are working with about 130 "foreign" cooperators around the world, and in fiscal 1974 they contributed about one-half of the total program costs.

FAS has begun a number of export

incentive projects with private U.S. firms. The basic objective of this program is to promote identification and sale of branded U.S. agricultural products abroad. These projects are intended to establish U.S. consumer-ready products in a foreign market—at which time FAS support will be withdrawn. This program has been used for products such as almonds, rice, soybean oil, oranges, grapefruit, and cranberries.

FAS carries out selected promotional activities that cannot be performed with an individual cooperator program. Such activities may support several cooperator programs, they may be related to program evaluation or exploration of potential markets, or they may facilitate exports of farm products not covered by existing cooperator programs. Such activites are designed to exploit promotion opportunities where a collective effort provides greater impact at less cost than multiple actions by individual groups.

FAS has no network of domestic field offices and has relied on other avenues to maintain necessary contact with U.S. producers, processors, and exporters. Over the years, the cooperator groups have been the major link between foreign importers and U.S. export suppliers.

Without reducing the importance of cooperator organizations, FAS has also developed working relationships with nearly every State Department of Agriculture. The States and their regional organizations have committed manpower and funds to joint promotional efforts overseas. State representatives assist in carrying out selected exhibitions, perform selected market research, locate U.S. suppliers to meet export demand, and many other joint promotion activities.

Within FAS, the International Marketing Director for a commodity or group of commodities is responsible for all joint FAS/industry market development activities for his assigned commodity or group of commodities. The International Marketing Director works closely with cooperators, Export Incentive Program contractors and other private firms in planning, implementing, and evaluating market development activities. They are assisted in this work by the highly professional corps of Agricultural Attachés stationed overseas, and by commodity analysis and trade policy specialists in Washington.

Market development activities are coordinated and supervised abroad by the Agricultural Attachés, who work closely with foreign government officials, foreign cooperators, and U.S. cooperator personnel stationed abroad in planning, implementing and evaluating activities.

Program Results

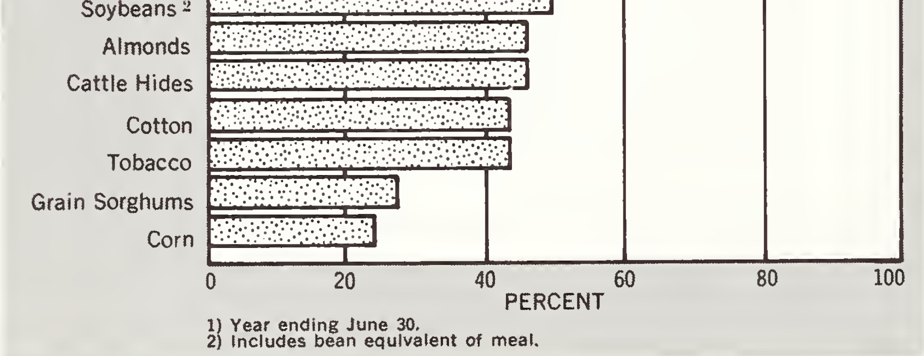
The FAS/industry market development program has helped expand agricultural exports and these exports support and extend U.S. domestic policy. U.S. farm legislation, along with Administration policy, has been directed toward full production keyed to market requirements. Such a policy furthers the national objectives of slowing inflation, strengthening the domestic economy, reducing unemployment, and improving the international trade account.

The market development programs has benefitted farmers. Exports contributed roughly $20 billion of the $100 billion gross income received by farmers in 1974. Almost one out of every three tilled acres is devoted to production for export. Exports are enabling farmers gradually to return to production the 60 million acres that were being withheld from production as recently as 1972. Because of this, farmers can now amortize fixed investment against larger acreages—resulting in lower unit production costs.

The market development program has benefited taxpayers. Three years ago, farm program payments were costing American taxpayers close to $4 billion a year. In fiscal 1975 these costs will be only about $500 million. Agriculture's export business can be credited with virtually all of this reduction.

The market development program has benefited the national economy. The value of agricultural exports has in recent years exceeded the value of agricultural imports by large amounts. For the current fiscal year, an estimated $22 billion in agricultural exports will result in a positive trade balance approaching $12 billion. This may not be enough to offset a persistent deficit in this nation's nonagricultural trade—as it did last fiscal year. But without agricultural trade, the national deficit would be far greater, and the dollar and the national economy weaker. Agricultural exports provide employment—in production, in supplying production needs, and in the marketing system.

The market development program has benefited U.S. consumers. Full production makes full efficiency possible in agriculture, and exports are crucial to full production in U.S. agriculture. Americans consume only a part of what farmers produce—a third of the wheat, half of the soybeans and rice, three-fourths of the feedgrains, a half to two-thirds of the almonds and prunes and other specialty food crops, two-thirds of the cotton and tobacco, and half the cattle hides. These farm products are produced more efficiently for Americans because foreign customers help support a larger U.S. production, which in turn makes food and fiber available



ɔ American consumers at real costs ıuch lower than they would otherwise ave to pay.

The FAS/industry market developıent program has contributed to ecoomic development and improved diets n a number of countries around the vorld. New agri-industries utilizing ɔcal labor and other resources have ɪeen created. Examples are commerial livestock and poultry industries n a host of countries, wheat food ndustries, and feed manufacturing inlustries. Through a wide variety of rade servicing activities, marketing fficiency of many foods, particularly neat, milk and eggs, has been vastly mproved in program countries.

New foods have been introduced to ıundreds of millions of people through narket development activities and this ıas contributed to better health.

.ooking Ahead

The future looks bright for Amerian agriculture in general, and agriculural exports in particular. Export acomplishments during the last two lecades appear modest when compared vith opportunities apparent during the emainder of this century.

U.S. farm technology and managenent builds on a natural resource base econd to none. The United States has huge land area. Even more important, great deal of the land is located in a emperate climate, with relatively plenful rainfall. There is no crop-growing rea in the world to match the Amerian Midwest, and the southern and vestern areas are highly productive, ɔo. This resource base, coupled with J.S. technology and well-educated farm perators, yields success.

With full utilization of these abunant agricultural resources, sharp inreases in production are expected in ıe years ahead, but U.S. population rowth is slowing and per capita food nd fiber consumption is almost stable. 'his means the greatest challenge will e to ensure commercial markets abroad ɔr the increased output.

U.S. farmers will face stiff competiion for commercial markets in the ıture. The drive for sales overseas is ıtense among major supplies of agriultural products, and foreign efforts to nsure larger markets are certain to ıcrease in the years ahead. It is essenal that the United States continue an ggressive effort to maintain present ɔreign markets and develop new ones.

Market Development Looks Ahead To New Markets and Programs

By JIMMY D. MINYARD
Acting Assistant Administrator, Foreign Market Development
Foreign Agricultural Service

As IT LOOKS AHEAD to the next few decades, the foreign market development program faces a world with vastly differing food and agricultural needs than those prevailing during most of the past two decades. Accordingly future activities will stress new markets and new products, a stronger emphasis on servicing foreign traders, and the phasing out of activities that have substantially achieved their objectives.

Where, for instance, U.S. agricultural exporters 20 years ago found the greatest demand to be in Europe and Japan; now they see it coming increasingly from the Mideast, the centrally planned economies, and numerous developing nations that are approaching the takeoff stage in economic development. Where past programs were formulated at a time of burdensome agricultural surpluses, future ones will reflect keen competition for markets that are developing around the world, and add to the shopping list new products like soy protein that are demanded during such times.

With favorable weather and adequate incentives to farmers, production efforts could lead back to agricultural surpluses and to heightened competition in the world market—a fact other agricultural exporters appear to have realized in their nearly 50 percent expansion in foreign market development expenditures during recent years.

The shift in focus reflects trade changes that are already well underway. During 1955-59, for instance, Europe took nearly half of U.S. agricultural exports. Today, Europe receives less than a third, while the Far East and the centrally planned markets together take more of total U.S. exports—40 percent—than Europe. In the earlier period, these two areas received only one-fourth of the U.S. products shipped overseas.

In the future, the mature markets of Europe will continue to be important, but growth in their demand for food will follow population growth, which is slow. In the emerging markets, demand for food will expand at a faster rate owing to higher population growth and expanding discretionary incomes. Without neglecting traditional U.S. markets, the market development program will focus its resources on the emerging markets.

The Soviet Union and the People's Republic of China, with almost onethird of the world's people, have strongly moved into world markets. Eastern Europe is moving more and more into the international agricultural markets, and government plans indicate that this trend will continue.

The industrial market of Japan and the emerging markets of Indonesia, South Korea, Taiwan, the Philippines, Thailand, and Hong Kong will take a wide variety of U.S. exports. U.S.-style fast-food franchizing establishments have become important in Japan (see article on page 32), are moving into other countries of the region, and can be expected to play an increasingly important role in U.S. farm trade.

THE MIDDLE EAST and North Africa region (including Nigeria), which has a combined population of 270 million, has historically been a relatively unimportant market for U.S. agricultural exports. This should change rapidly, since many of these countries now have ambitious agricultural development plans that call for increased usage of basic farm products, particularly feedstuffs. Iran and Nigeria, both oil and population rich, will receive strong attention from the market development program. Other important markets are Saudi Arabia, Algeria, Egypt, and Iraq.

Just as the destination of U.S. exports has changed, the composition of this trade has also changed. Exports of oilseeds and products accounted for only 6 percent of U.S. farm exports in the early years of the market develop-

ment program. Today, they make up 25 percent. Exports of these products, especially soybeans, will continue to be a major component of U.S. farm trade because soybeans provide an economical source of protein for livestock and also for humans, as in texturized vegetable protein. Soy oil is also a valuable cooking oil.

To capitalize on these changing conditions, market development activities for soybean meal will be undertaken in selected Mideastern and North African countries where livestock industries are expected to grow rapidly. A backlog of soybean oil can depress demand for soybeans; therefore, market development efforts will include technical servicing activities to assist in processing the product and to urge retailing identified soybean oil. Technical and informational activities will be the start of an aggressive program to develop markets for soy protein as an economical protein enriching dietary supplement.

GRAINS MAKE up almost 50 percent of U.S. farm exports today; during the initial years of the program they accounted for only one-third. The East European and Mideastern countries, the Soviet Union—all these nations have commitments to improve the diets of their citizens. The commitment will be partially achieved by increasing the meat content of the diet, which will mean an increased demand for feedgrains.

A broad range of technical servicing activities will be offered to the East European governments to assist them in their ambitious livestock development programs. A feedlot demonstration project is already in the planning stage.

Activities with the Soviet Union will be worked out under the U.S.-USSR joint committee on Agricultural Cooperation.

Iran already has underway a livestock expansion program that has resulted in continuing purchases of U.S. breeding stock.

Activities to develop markets for U.S. wheat and wheat products will be carried out in Africa, Latin America, and the Far East, especially Indonesia. Baking schools, expanded technical staffs, and market servicing will be the focus of the wheat market development program. Trade in specialty wheats will increase and generate additional trade servicing demands, especially in the Mideastern countries.

These shifting trends in the composition and direction of U.S. agricultural trade are functions of constantly changing demand, production, and competition. The task is to define the trends in agricultural production and demand so that the market development program can be effective.

Market intelligence is gathered primarily by agricultural attachés in the prime producing and consuming nations. In the future, their efforts will be supplemented by production information gained from satellites and an up-to-date worldwide weather data reporting system. This data will be utilized in long-range market development plans that define opportunities and marketing problems and outline activities. Long-range marketing plans permit the program to more quickly take advantage of fast-emerging market opportunities and to better adapt program direction to trends in production and demand.

While products and markets will change in the future, the joint FAS-cooperator program will focus, as it has in the past, on two basic approaches to market promotion: Trade servicing and product promotion.

Trade servicing—most often used for bulk, unprocessed products like soybeans and feedgrains—includes assisting overseas customers in choosing the right U.S. product and using that product efficiently. These activities can involve providing information directly to potential buyers and related government agencies regarding price, availability, usage, technical application, and other conditions, or the activity may be indirect. The main point is to help create a favorable image abroad of the United States as a reliable source of quality agricultural products.

In the future, this vital function will continue, and its scope will be expanded significantly. For instance, in addition to representing the American farmer, trade service activities will be offered to foreign governments of centrally planned and emerging nations to help them in agricultural development.

Consumer promotion is primarily used by cooperator groups representing producers of semiprocessed and processed products—those items that do not lose their U.S. identity before reaching the ultimate foreign consumer. Sometimes, product promotion is used to get the processor to think of the United States as the primary source of suppl In other cases, it is used to convin processors, distributors, or retailers the benefits of carrying out promotior

Additionally, cooperator groups re resenting bulk commodities may pr mote end products to expand demai for related raw materials. And mai programs that center around produ promotion include trade servicing acti ties in support of on-going programs.

There are also a number of export i centive projects aimed at promoti identification of U.S. agricultural pro ucts abroad. These projects are i tended to establish consumer-rea products in a foreign market, at whi time FAS support will be withdrawn.

In establishing markets, the progra will work to improve marketing ef ciency—and thus best represent t American farmer in the overseas mark

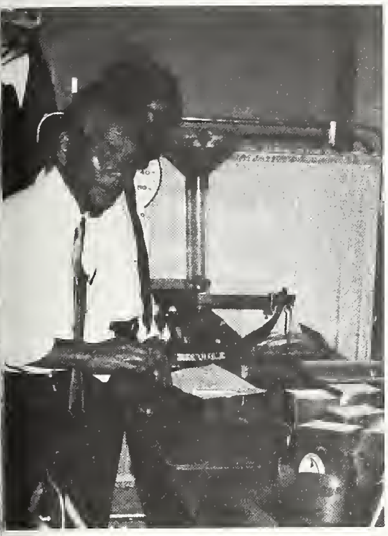
Foreign buyers are becoming mo exacting in their product specificatio and specialty products will become creasingly important. This creates necessity for improved quality cont procedures, for preservation of produ identity, and for technicians to adv on processing specialty products.

Knowing the person you are deali with through personal contact mak business transactions easier. Therefo the long-standing emphasis on tra team travel to and from the Unit States will be continued, with str placed on the re-establishment of co fidence in the United States as a relia supplier of agricultural products.

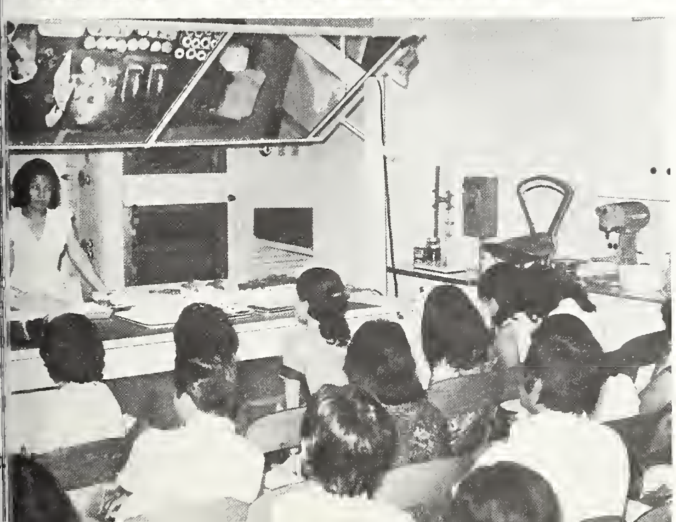
Finally, a determined effort is bei made to ensure that U.S. agricultu gets a fair shake at the upcoming tra negotiations in Geneva.

THE STRENGTH of the market develo ment program and its success is result of utilizing the best talents of dustry and government in a cooperat effort.

Meanwhile, the combination of wor wide recession, increased world agric tural production, expanded market velopment competition, record crop p duction, and the need to export grea volumes than ever before will confr the market development program w its greatest challenge. By expanding U.S. export base through greater g graphic dispersion of exports, a wi range of products, and aggressively p suing marketing opportunities, United States can meet this challer



From above, Si Grider, U.S. rice expert, examines product quality in a local market in Lagos, Nigeria; bread samples collected from commercial bakeries being evaluated by Japan Institute of Baking staff; team from Republic of China visits pea and lentil producing areas in States of Washington and Idaho; Mrs. Paulita Tiqui, cake instructor at the Philippines Institute of Baking. demonstrates specialty cake items before a group of professional and amateur bakers.



Team Effort Boosts U.S. Farm Exports

By DARWIN STOLTE
Chairman
Agricultural Cooperator Council for Market Development

When in May 1955 the National Cotton Council signed an agreement with the Foreign Agricultural Service for research and development of cotton markets worldwide, it became the first agricultural market development cooperator. During the ensuing 20 years, this group was joined by scores of other nonprofit representatives of U.S. agriculture in a joint Government-industry program that was to be a key factor in expanding U.S. farm markets overseas.

The role of these cooperators had been foreseen in the Agricultural Trade Development and Assistance Act of July 1954, which recognized that American agriculture, when given the green light, would produce vastly more than the American people could use. The Congress and others at that time recognized that the United States had a bounty that should be utilized not only for the benefit of U.S. consumers but also for the growing populations in other countries of the world. The potential for commercial agricultural sales was there. All that remained was to develop the markets for the abundance of U.S. farm products.

Hence, soon after passage of P.L. 480—and following exhaustive studies of the appropriate role of government in expanding farm trade—the USDA initiated the market development program, making the crucial decision to work with nonprofit agricultural producer associations representing U.S. farmers whenever practicable. This decision resulted in a most effective mix of industry and government expertise and financial resources.

Cooperators are nonprofit organizations representing producers and other sectors of agriculture in a joint program with FAS aimed at developing foreign markets. Each cooperator focuses on markets for products with which its members are concerned, with the overall result of expanding total U.S. farm trade. Today, there are about 40 of these groups working with FAS on a continuing basis, while another two dozen undertake short-term projects.

The cooperators, in turn, represent a diverse and competitive array of producers and agribusinesses. All told, this amounts to over 3.5 million producers, 1,500 cooperatives, and more than 7,000 processors and handlers.

Reflecting this large constituency, cooperators are enthusiastic promoters of U.S. farm products. Acting in the interest of their members—as well as for the general benefit of U.S. agriculture—they work with foreign governments; farm, manufacturing, and importing organizations; and end users in various programs that directly benefit both U.S. farmers and foreign consumers of U.S. agricultural exports.

Cooperators are currently working closely with about 130 foreign firms and trade associations. The increasingly heavy involvement of these foreign cooperators in the program reflects the mutually beneficial results of the varied activities being conducted, and the confidence these groups have in the U.S. agricultural production, processing, and marketing

Clockwise from right, visitors to the United States taste-test canned bean products; moisture readings being taken from containerized shipment of U.S. beans; "magic fountain" promoting soap consumption in Japan. Activities such as these have helped to boost exports of U.S. agricultural products.

experts working with them under the joint program.

Foreign participation in the program was modest in the early years, but by 1965 foreign government and agribusiness leaders were convinced that the program was clearly benefitting them. Since that time, foreign contributions to the program have increased rapidly, and today foreign cooperators are full-fledged members of the foreign market development team. In a number of countries it would not be possible to conduct market development activities without their support.

Cooperators work closely with these foreign participants and FAS specialists in planning, implementing, financing, and evaluating program activities. Cooperators research in considerable depth the market potentials existing in the foreign country for the commodity they wish to market. Their research provides agricultural market information the Department of Agriculture can use to supplement Agricultural Attaché reports from the particular country.

The research may include the historical usage, or lack of usage, of a particular commodity. Some countries may never have made much use of a commodity, or they may have established a trend that shows that they will outrun their domestic supply. The cooperator must also determine what the potential capability is for the country to produce the commodity on its own.

Cooperators study the economic situation and prospects for the future that could have a bearing on the ability of the country to import the commodity. Trade restrictions are another area that must be explored in detail. If a problem exists that would prevent the country from importing particular U.S. products, methods must be explored to ease the problem. Cooperators work toward free and open trade in their market development activities, and assist FAS in the continuing effort to reduce trade barriers that restrict exports.

Cooperator organizations assess their own available resources for developing the market and U.S. agriculture' ability to deliver once the demand is there. A plan of operation is then drafted. Basically, the "marketing plan" set forth the overall objective, and details specific programs an projects that will contribute to the fulfillment of parts of th objective. All cooperators have methods that suit their specia products, but the end result is much the same. (A description of cooperator programs is contained in the followin article.)

Contributing to the development of the plan are thos people who are concerned with all phases of market development. Included are the cooperator staff, both U.S. and foreig nationals, U.S. Agricultural Attachés and other FAS officials personnel of organizations in foreign markets that stand t benefit from successful completion of the market development activity, and sometimes members of foreign governments. All these individuals, in concert, produce ideas an concepts that contribute to an effective plan.

Considerable financing of the program comes from th "foreign or third party cooperators" who will benefit fror the program. Thus, financing is shared by all concerned: Th U.S. Department of Agriculture, the agricultural cooperato and the foreign organizations that are involved to one degre or another in the import and usage of the particular commodity.

The major share of this funding comes from the privat sector, foreign and domestic. FAS expenses connected wit the program are relatively miniscule compared with the loca value of U.S. agricultural exports. For example, in fisca 1973, when farm exports were $12.9 billion, FAS spent ju $10 million for the cooperator program. A year later, whe these exports had soared to $21.3 billion, funds expended b

Paul Chen, director of China Baking School, (right) working with student bakers in Taipei.

FAS totaled just $10.2 million.

To be eligible for USDA financial assistance, a cooperator project must give promise of effectively contributing to the creation, expansion, or maintenance of agricultural markets abroad, with primary emphasis being granted to those in dollar markets. Preference is given to projects promising early results and lasting benefits.

The importance of exports of the commodities involved, to U.S. agriculture and the U.S. balance of payments, weighs heavily in determining whether a project will be approved by FAS. The extent to which the project is in harmony with U.S. foreign policy also plays a major role.

The actual market development activity may be completed in a matter of days or weeks—or years of careful and patient work may be required to bring the activity to fruition. Following the completion of an activity, the results are carefully analyzed, and specific followup plans are initiated. One cooperator's program results may dovetail with those of another, and the combined results may be applied in a new program that magnifies the value of each.

Although cooperators represent a great diversity of interests and methods of solving individual problems, they also have many mutual concerns. These include foreign trade barriers that either do, or will, restrict U.S. export trade; U.S. Government agricultural policy; the size and restrictions on use of funds allocated for market development; and Federal regulations governing the various cooperator programs.

Such information must be disseminated throughout the cooperator groups, and to do this they formed the Agricultural Cooperator Committee for Market Development. The name was later changed to the Agricultural Cooperator Council for Market Development, but its functions remained the same. Officers of the Council are elected and serve in a liaison capacity between cooperators and USDA. They advise FAS on changes that might be required in regulations covering the activities of the cooperators, on operations of cooperator overseas offices, and other matters that concern all cooperators.

Attesting to the success of this combination of industry and government is the outstanding performance of U.S. farm trade during the last two decades. In 1954, agricultural exports earned for the United States about $3 billion. Since then, export sales have skyrocketed to $22 billion in calendar 1974, with all but a small part of that for cash.

This rapid growth did not just happen. It was caused, initiated, and strengthened through the application of expert knowledge, materials, and patience. And the unique relationship of private industry with government in the market development program made possible the long-term effort required.

In the future, U.S. farmers will face stiff competition for commercial export markets, as well as new marketing situations. Recently, for instance, a number of nations with centrally controlled economies have opened their markets to U.S. agricultural products. Because of the traditional government-to-government relationship in these countries' commercial ventures, a strong FAS-cooperator team effort will be an essential ingredient in expanding sales to these new markets.

Also, a continued aggressive foreign market development team effort will be needed to market the sharply increased production expected in the years ahead.

By working together, all participants in the market development program—both foreign and U.S.—will continue to reap the benefits of a bountiful U.S. agriculture.

Cooperator Programs

FAS cooperators participate in a variety of overseas promotion projects on behalf of U.S. agriculture. Here is a brief outline of some of these.

Cotton

For description of cotton cooperators, see article on page 15.

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Dairy and Poultry

Dairy Society International (DSI) has kept its activities at a minimum in recent years because of world surpluses of dairy products that have been moved into international trade by other countries at subsidized prices, a practice not being followed by the United States.

When overseas dairy product prices and supply situations warrant them, market development activities for U.S. products can be reinstated. At the present time, DSI is prepared to provide promotion assistance to U.S. firms that are competitively exporting specialty products to markets that have expansion potential.

For description of poultry cooperator, see article on page 18.

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Fruits and Vegetables

California Cling Peach Advisory Board promotes consumption of the State's cling peaches and fruit cocktail, stressing use of the "California No. 1" symbol to identify origin and quality. The Board has promotional activities in Belgium, the Netherlands, Denmark, Norway, Sweden, Finland, West Germany, Austria, Switzerland, the United Kingdom, and Japan.

California Prune Advisory Board promotes in Japan—where its activities to increase prune usage in bakery products are in cooperation with *Western Wheat Associates*—and in West Germany, Austria, Switzerland, the United Kingdom, and Scandinavia.

Promoting in Belgium, Luxembourg, the Netherlands, West Germany, Denmark, Finland, Norway, Sweden, the United Kingdom, Japan, New Zealand, and Taiwan, the *California Raisin Advisory Board* aims its programs at gaining identification of Thompson raisins as high-quality, natural products. Use is made of a symbol for this purpose.

National Potato Advisory Board promotes in three Far East locations—Japan, Hong Kong, and Singapore—where it seeks to expand exports of potatoes and processed potato products (mainly frozen and dehydrated).

Fruit from the U.S. Pacific coast is being promoted in Scandinavia and the United Kingdom by the *Northwest Horticultural Council*, primarily through point-of-sale activities, and in Japan through an educational program aimed at the trade. The Council is also directing increased attention to Latin America and Asia to make up for diminishing European sales. It also seeks greater access to European countries with protectionist policies.

State of Florida Department of Citrus promoted Florida citrus products in 11 West European countries through 37 foreign distributors of citrus juices and one of fresh grapefruit in fiscal 1974. The countries were: Austria, Belgium, Iceland, Finland, France, West Germany, the Netherlands, Norway, Sweden, Switzerland, and the United Kingdom. The objective of this program is to build awareness, distribution and sales of brands using only Florida citrus juices.

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Natl. Potato Promotion Board
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Northwest Horticultural Council
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State of Fla. Dept. of Citrus
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Grain and Feed

Great Plains Wheat, Inc. (GPW) engages in market development activities in Europe, the Middle East, Africa, the Caribbean area, and South America. Area programs are carried out by four regional offices located in Rotterdam, Beirut, Caracas, and Rio de Janeiro.

GPW's foreign marketing program, based on market intelligence, trade servicing, technical assistance, and nutritional information, allows for the necessary marketing flexibility to meet different problems, prospects, and challenges in various parts of the world. It serves well in maintaining the immediate attention of actual and potential foreign wheat customers on the price, quantity, quality and export availability of U.S. wheat vis-a-vis other competitor wheats. Inherent, too, in the comprehensive program—designed to obtain the maximum results from a minimum of investment—is the flexibility to frame additional activities in accordance with specific market conditions to enhance the foreign demand for U.S. wheat.

Program activities of the *Michigan Bean Industry* are concentrated primarily in the European Community, directed from an office in London. In 1974, the industry conducted a marketing survey of Eastern Europe and is currently studying the market potential in selected African and Asian countries. Development of new markets in these areas will lessen dependence on the European market and also reduce the impact of increasing competition for world markets from Argentina, Canada, and Ethiopia. The cooperator also carries out a modest consumer-oriented press servicing program in the Benelux countries and France to demonstrate the versatility and economy of canned bean products and in support of promotional activities by individual canners.

Protein Grain Products International is involved in a wide range of domestic and overseas marketing activities for leading processors of regular, blended, and fortified wheat and corn products such as cornmeal, soy-fortified cornmeal, corn-soy blends (CSB), instant corn-soy-milk blends, sweetened instant corn-soy-milk blends, corn grits, and such wheat products as bulgur, soy-fortified bulgur, wheat-soy blend (WSB), and sweetened WSB.

The majority of these are used in the U.S. Food for Peace program and humanitarian and assistance programs of the United Nations. But considerable time is being spent developing commercial markets in Asia, Latin America, Africa, and the Middle East.

Rice Council for Market Development's program is concentrated in Western Europe and South Africa, with market servicing and spot activities being carried out on a worldwide basis as needed or when an appropriate marketing opportunity arises.

The Council has a generic educational program targeted primarily at younger housewives to boost use of U.S. long-grain rice as a vegetable. A companion brand incentive program seeks to obtain consumer identification of long-grain rice as a U.S. product. About 25 percent of U.S. rice exports to participating countries in Western Europe is now identified and promoted as American rice.

Thrust of the *U.S.A. Dry Pea and Lentil Council's* program is in market servicing, market analysis, and public relations. The council hosts one or two teams from selected markets each ye

and engages in a modest trade advertising program. In Japan, the program is somewhat broader as the cooperator works with Japanese canners and other processors to expand utilization of U.S. dry peas and lentils and to develop new uses. Council development programs have been largely responsible for opening of new markets in Spain, Brazil, Taiwan, and Japan.

U.S. Feed Grains Council (USFGC) designs and demonstrates technological systems to boost usage of U.S. feedgrains by overseas livestock and poultry industries. Tailoring these intergrated packages to conditions in each respective foreign country, USFGC nonetheless emphasizes feeding of U.S. high-energy rations.

During fiscal 1975, USFGC conducted programs in Austria, Denmark, France, Germany, Greece, Ireland, Italy, Japan, Korea, the Netherlands, Norway, the Philippines, Poland, Portugal, Spain, Switzerland, Taiwan, the United Kingdom, and Yugoslavia. The Council maintains overseas offices in Athens, Hamburg, London, Madrid, Paris, Rome, Rotterdam, Seoul, Taipei, and Tokyo.

Western Wheat Associates, Inc. (WWA) represents wheat producers in the Pacific Northwest and the Great Plains area. Market development activities are currently being conducted throughout Asia from regional offices in Japan, South Korea, Taiwan, the Philippines, India, and Singapore.

Like programs of other cooperators, those of WWA are partly financed by FAS, but maximum effort is made to get third-party cooperators to share the cost of market development activities, whenever it is feasible.

Market development activities are concentrated in the area of technical services, consultants, baker training programs, trade teams, and market intelligence and studies. Trade teams from project countries are viewed as an extremely important activity, since the government and industry leaders involved are instrumental in making important decisions concerning the origin of wheat imports. Teams comprised of producers and industry and government representatives to project countries are also very important, to establish U.S. desire to fully service their market requirements.

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Western Wheat Associates, Inc.
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Livestock and Livestock Products

Cooperators in this category include eight U.S. cattle breed associations (see complete list below), mink and quarter horse breeding associations, and organizations representing the bovine semen, tanning, and animal fat and protein industries.

Because their products are similar, the cattle breeding associations largely use similar development activities—sending out marketing teams, exhibiting U.S. cattle in livestock exhibits, and providing judges for overseas livestock shows. *American Brahman Breeders Assoc.* (ABBA) also sends out inspection and recordation teams to selected countries in Latin America to inspect and select foundation cows and Brahman cattle eligible for ABBA Brahman registration.

In addition to other practices, the *American Quarter Horse Assoc.* sends color films to demonstrate ways in which quarter horses can be utilized—in youth programs, as cutting horses for cattle herd control, and for jumping and roping.

Most breed association activities are handled out of their respective headquarters listed below, but the *Holstein-Friesian Assoc. of America* has a two-man staff in Iran to coordinate activities of its joint venture in that country—Interfarm Services. It also has agents in Italy, Portugal, and Honduras.

EMBA Mink Breeders Assoc., sponsors mink fashion shows in Western Europe, the Far East, and Australia. It also uses West European public relations organizations for promotional activities in certain countries. These include intensive advertising compaigns, fur auctions, and fur advertising in newspapers, magazines, on radio, and other media to reach the trade and potential end users.

National Assoc. of Animal Breeders is a trade association representing U.S. semen producers. As one of the Association's services, it sends out teams of veterinarians to foreign countries to discuss health certificate requirements to attempt to reach agreements that satisfy the requirements of those countries and the United States.

National Renderers Assoc., Inc. (NRA) conducts market promotion activities in over 40 countries. Most of these are handled by NRA regional offices in Brussels and Tokyo.

Tanners' Council of America, Inc. activities are carried out in Europe, the Far East, and Southeast Asia. The Council promotes U.S. tanned and semitanned leather by participating in foreign trade shows in France (Semaine de Cuir in Paris), Spain, and Italy, and by advertising in foreign fashion magazines and trade publications. It also conducts special point-of-sale leather goods displays in selected retail stores and hotels.

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American Brahman Breeders Assoc.
Kirby Cunningham, Exec. Secy.
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American Hereford Assoc.
Bud Snidow, Asst. Secy.
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American Intl. Charolais Assoc.
S. Taylor, Dir., Foreign Mktg.
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American Polled Hereford Assoc.
Orville K. Sweet, Exec. Secy.
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Kansas City, Mo. 64130
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American Quarter Horse Assoc.
Donald Jones, Secy., or
Ronald Blackwell, Pub. Rel.
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Amarillo, Tex. 79105
Tel: (806) 376-4811

Brown Swiss Breeders Assoc.
Marvin Kruse, Exec. Secy.
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EMBA Mink Breeders Assoc.
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Holstein-Friesian Assoc., of America
Charles Larson, Asst. Exec. Secy., or
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Natl., Assoc., of Animal Breeders
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Natl. Renderers Assoc., Inc.
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Santa Gertrudis Breeders Intl.
Thomas Cashion, Exec. Secy.
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Tanners Council of America, Inc.
Irving R. Glass, Pres., or
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Oilseeds and Products

The American Soybean Association, an organization representing U.S. soybean growers, signed its first market development agreement with FAS in 1958. In the ensuing 17 years, ASA market development program has grown from a single country program in Japan to a program that includes 14 countries located in the Far East, Europe, and Latin America. During this same period, U.S. soybean exports have increased sixfold.

The major objective underlying this program is the creation and expansion of foreign markets for U.S. soybeans and soybean products, which includes the following products: Soybeans, soybean oil, soybean meal, and soy protein. ASA's marketing program includes educating the foreign trade and the consumer on the merits of using these products through such trade servicing activities as bringing trade teams to the United States, feed and cooking demonstrations, and printing and distribution of technical and general information. The trade servicing approach has been supplemented by such activities as identified soybean oil promotions, sampling, and trade show exhibits. ASA has overseas offices in Japan, Taiwan, West Germany, Belgium, Austria, and Mexico.

Continued on page 30

Foreign Cooperators: Valued Market Development Partners

By LEON G. MEARS
Planning and Evaluation Division
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ONE OF THE outstanding success stories of the foreign market development program is the expanded participation in it by foreign governments, private firms, and trade associations—both physically and financially. In fact, foreign trade associations and firms, called "foreign cooperators" have contributed about $125 million to the program since 1955.

Today, about 130 foreign cooperators in 70 countries are working closely with U.S. cooperators and FAS in planning and implementing program activities and are picking up almost half of total program costs. In addition, there are a number of foreign governments involved in cooperative programs that stand to bring major improvements in key industries, dietary and health standards, and other areas of national concern.

This increasingly heavy involvement reflects the mutually beneficial results of the activities undertaken and the close ties foreign cooperators have developed over the years with U.S. cooperators and FAS specialists.

In the early years of the program, when the mutual benefits were not readily apparent, foreign participation in the program was modest. However, by the early 1960's market development was beginning to pay important dividends, and annual foreign contributions reached $2 million. Then in 1965, with foreign government and agribusiness leaders convinced that the program was clearly benefiting them, participation reached the takeoff point. Since then, foreign contributions to the program have risen rapidly, from $2.4 million in 1965 (20 percent of total program expenditures) to $15.1 million in 1974 (45 percent of expenditures).

Today, there is little doubt about the benefits of the market development program to foreign industries and nations. The program has contributed to economic development in dozens of countries around the world. Many new agri-industries, utilizing local labor and other resources, have been created. Examples are commercial livestock and poultry industries in a host of countries, new wheat foods industries, feed manufacturing industries, and a wide variety of new food processing and marketing industries.

Also, through numerous trade servicing activities, marketing efficiency of many foods—particularly meat, milk, and eggs—has been vastly improved in program countries.

Market development activities for U.S. livestock and poultry breeding stock and a wide variety of improved seeds have contributed to more efficient agricultural production in a number of countries, particularly in Latin America and Asia. Commercial poultry production in many foreign countries was made possible through the importation of U.S. baby chicks and ingredients for mixed feeds.

At the same time, a massive transfer of advanced technology from the United States to other countries has taken place as a result of visits to foreign markets by hundreds of U.S. experts in many fields and visits to the United States by thousands of foreign officials, agribusiness leaders, home economists, food editors, nutritionists, livestock and poultry producers, waste management teams, seed industry groups, and others over the past two decades. U.S. farmers, food and feed processors, agricultural colleges, members of cooperator organizations, and USDA officials have given these foreign visitors a warm welcome and have freely passed on information gained through long training and experience.

These dividends have prompted foreign governments, as well as private groups, to participate in joint programs with U.S. cooperators.

In Spain, for instance, the Spanish Government in 1970 began receiving assistance from the U.S. Feed Grains Council in revitalizing a lagging sheep industry—an effort which led to a new concept of sheep production in Spain while also enhancing demand for U.S. feedgrains and soybeans.

The program used modern livestock feeding practices, similar to those already in use for swine and beef, to produce a so-called heavy lamb. This involved crossbreeding to obtain a lamb that would gain weight rapidly yet yield a tender meat, and the scientific feeding of high-protein mixed feeds to such animals.

The new breed of lamb, called "Trimix 30," weighs about 65 pounds by 3 months, compared with around 25 pounds common in the past for lambs of 4-7 months. Because these heavy lambs are still very young, their meat is tender and lean, similar to that of the suckling lamb traditionally popular in Spain.

As the program gained acceptance, a National Association of Heavy Lamb Producers was formed, with U.S. Feed Grains Council assistance. The Council also has cooperated with Spanish Government authorities in sponsoring consumer-oriented campaigns on cutting, preparing, and cooking heavy lamb.

ALREADY the results are impressive, with 1.5 million heavy lambs slaughtered in 1973 and probably 3.5 million in 1974. And it has been predicted that by 1980 Spain could be producing some 10 million heavy lambs, thus generating demand for about 1 million tons of mixed feed.

Better and more varied diets are another end product of joint market development efforts, which have introduced new foods to hundreds of millions of foreign consumers in the past two decades. Included are a variety of wheat foods in the Republic of Korea, grapefruit in Japan, turkey meat in West Germany, soy oil in Italy, orange juice in Sweden, soy protein fortified foods in Mexico, further processed poultry products in the Caribbean, lemons in Hong Kong, raisins in Taiwan, cranberries in the United Kingdom, long-grain U.S. rice in West Germany, and literally hundreds of processed U.S. food products.

Among programs helping to improve nutrition is the work being done in Mexico to introduce textured soy proteins into consumers' diets. Here, the Mexican Government, the National Bakers Association, and several private firms are cooperating with the American Soybean Association in introducing a high-protein soy-fortified tortilla and soy-fortified bolillo to consumers. This is aimed at overcoming the lack

of adequate protein in several traditional Mexican foods—a recognized nutritional problem in Mexico.

In a host of other countries, similar programs to improve nutrition are being undertaken by government food experts, together with U.S. market development cooperators such as Western Wheat Associates Inc., Great Plains Wheat Inc., and Protein Grain Products International.

Representatives of Western Wheat Associates have been working with food nutritionists in Japan, Taiwan, the Republic of Korea, and other countries of Asia to develop high-quality wheat foods for school lunch programs and other institutional feeding outlets.

In Jamaica, Brazil, Chile, the Philippines, Sri Lanka, and Singapore, Protein Grain Products International is providing assistance to government agencies and private firms in the commercial importation of blended and fortified food for use in school lunch and other child feeding programs. In most cases, the blended and fortified foods are combined with indigenous products in order to provide nutritious, low-cost foods adapted to local tastes.

Government nutrition experts in most Central and South American countries, as well as in the Middle East and Africa, have also been drawing on the expertise of Great Plains Wheat, Inc., (GPW) in work to improve diets. Included in the wide variety of GPW activities aimed at improving nutrition was sponsorship of a team of Latin American nutritionists to the United States in 1973 and a followup visit to Latin America by a team of U.S. nutritionists in 1974.

THIS MONTH another team of Latin American food experts is visiting the United States, accompanied by the full-time nutritionist assigned to the GPW Caracas, Venezuela, office. Members of the team include nutritionists from the Colombian Institute of Family Welfare and Peruvian Ministry of Health and home economists from the Colombian Agricultural Institute and Ecuadorian Ministry of Agriculture. One objective of the team visit is to gain a better understanding of nutritional concepts presently utilized in the United States, particularly as they apply to nutritional needs in Latin America.

A number of joint market development activities over the years have also contributed to better health in program countries. Foreign cooperators have played a dominant role in planning and implementing these activities.

One example is the "Wash Your Hands With Soap" campaign conducted in Japan to teach young Japanese children the importance of washing their hands with soap before meals to reduce the spread of communicable diseases. This personal and public hygiene educational campaign was conducted through elementary schools, public health centers, and rural community organizations. Sponsors were the Japanese Ministry of Health; the All Japan Soap Association, a trade association representing Japanese soap manufacturers; and the National Renderers Association, the U.S. trade association responsible for promoting exports of U.S. tallow and other animal byproducts.

The campaign has been considered very successful by all program participants. It has contributed to a reduction in communicable diseases throughout Japan and a sharp increase in per capita toilet soap usage. It also has benefited U.S. sales of tallow, a primary raw material in toilet soap manufacture in Japan.

The foreign market development program has made a major contribution to better understanding and improved relations between the people in program countries and Americans. When problems arise relating to farm trade, foreign officials and trade members freely turn to U.S. Agricultural Attachés and cooperator representatives for assistance, reflecting the close personal ties built up over the years. These ties are of immeasurable value in expanding U.S. agricultural exports.

Left, Japanese children wash their hands as representatives of U.S. and Japanese cooperator groups look on. The "Wash Your Hands With Soap" campaign, which received most of its financing from Japanese cooperators, has helped reduce the spread of communicable diseases in Japan while boosting imports of U.S. tallow for use in soap manufacture. Right, a Japanese underwear ad promoting 100-percent cotton was paid for in part by the underwear manufacturer—a Japanese cooperator in cotton market development.

Meat Export Federation To Be Newest Cooperator

By C. W. McMillan
Executive Vice President
American National Cattlemen's Association

How to cut U.S. beef is demonstrated for Lisbon hotel and restaurant executives by FAS Marketing Specialist Kenneth Nuernberg. New U.S. Meat Export Federation has as one of its goals expanded overseas sales of American meat.

THE U.S. LIVESTOCK and meat industry is working toward establishment of a single organization—the U.S. Meat Export Federation—to develop foreign markets for meat and related products. The Federation thus will become the newest member of the FAS-Cooperator family.

The Federation is an outgrowth of the Beef Development Task Force, whose members spent more than 4 months in study and discussion involving leaders from all elements of the U.S. livestock and meat industry, including the American National Cattlemen's Association, the American Meat Institute, the National Independent Meat Packers Association, and the National Pork Producers Council.

Although the U.S. livestock and meat industry is the largest sector of the total national agricultural economy, all foreign promotion in the past has been done by the industry alone. The new U.S. Meat Export Federation can, as FAS Administrator David Hume puts it, "give the industry a new dimension in marketing.

"It will take work and time and patience," Mr. Hume warns. "It will not immediately cure surplus ills. It will not cure low prices." But with long-term application and persistence, livestock and meat exporters can develop the new federation into a valuable new market asset that will help the U.S. industry to grow, he points out.

The new Federation's basic purposes are to create, develop, foster, and promote foreign markets for, and utilization of, meat, meat food products, and related products produced in the United States; to coordinate and direct the efforts of livestock producers, livestock feeders, meat packers, meat purveyors, meat wholesalers, and related business interests into a unified external market development program; to cooperate with existing or future organizations in the United States and in foreign countries having similar objectives. The Federation will not engage in buying, selling, or order-taking.

U.S. exports of livestock and livestock products in calendar 1974 were valued at a record $1.57 billion, up 10 percent over the 1973 level. Exports of only three commodities normally considered byproducts of the industry—tallow and grease, hides and skins, and variety meat—were valued in 1974 at $900 million, more than offsetting the $897 million worth of beef and veal imported by the United States in that year.

Cooperator programs have been in existence for some time for the livestock breed associations and the rendering, leather and artificial insemination industries. The new Federation extends this list to include fresh, frozen, and processed meat and meat products; variety meat; and hides and skins.

Several classes of membership in the Federation are available, including those for individuals; firms; and local, State, regional, and national organizations. Memberships include those from beef, pork, and sheep producing and feeding; meat packaging and processing; exporting; purveying, jobbing, wholesaling; supplies and equipment; transportation; financing; and others servicing the industry.

Some market development work on U.S. beef has been carried out in selected markets such as Japan by FAS marketing specialists and through trade-only exhibits sponsored by the Export Trade Services Division of FAS. These activities were aimed at better-class hotels and restaurants catering to the tourist trade.

Although market studies will be conducted to determine the best markets, it appears that the strongest potential for meat and meat products exports exists in Japan, Europe, and the Mideast.

The Federation expects to open overseas offices for promotion work as required by market activity.

U.S. Cotton Industry Led Way in Development Of Overseas Markets

By CARL C. CAMPBELL
Executive Director
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THE U.S. COTTON INDUSTRY, a pioneer in cooperative Government-industry market development activities abroad, has not only contributed materially to the expansion of total U.S. agricultural exports and thereby added to the country's balances of trade and payments, but also has benefited U.S. consumers through reduced unit costs and resulting lower prices.

These significant contributions have been achieved over a period of nearly 30 years, and the FAS Cooperator program for U.S. cotton exports today is an outstanding example of how Government and industry can collaborate on a mutually benefiting basis.

Expansion of the cotton export marketing program would indicate an even greater role for U.S. agricultural exports in future world trade, with resulting benefits to the U.S. cotton industry and U.S. consumers.

Prior to World War II, the United States exported an average of over 50 percent of the cotton U.S. farmers produced, and had relatively little competition in the world fiber market.

During World War II, however, the manmade fiber industry in some countries was expanded in order to develop substitutes for natural fibers. After the war, a number of developing countries began to produce and export cotton to generate needed foreign exchange and provide employment. These developments increased competition for U.S. cotton in the world fiber market.

In the late 1940's, U.S. cotton industry leaders realized that additional research and promotion would be necessary to stem the inroads that manmade fibers were making into cotton's traditional overseas markets. Further, it was readily apparent that the United States could not expect to maintain and expand cotton exports if world cotton consumption declined.

Under these circumstances, efforts to increase research and promotion for cotton seemed necessary to permit cotton to compete effectively with manmade fibers, which had special characteristics desired by consumers. It was evident that strenuous efforts would have to be made to promote U.S. cotton exports to retain a fair share of the world cotton market.

In the 1950's, U.S. agricultural exports began to move with the tide of increased demand that was building abroad as a result of expanding population and improved diets in many countries. But the U.S. cotton industry was necessarily swimming against the tide of increasing competition from expanding production of manmade fibers and cotton.

During the late 1940's and early 1950's, efforts were made to influence other cotton exporting countries and significant cotton importing countries to collaborate in research and promotion for cotton, either through monetary contributions by the exporting countries, through monetary contributions by the mills that imported and processed cotton, through monetary contributions by the trading firms that handled cotton, or by any combination of these sources.

However, these efforts did not prove successful, as some cotton exporting countries and some mills in cotton importing countries did not understand or appreciate the necessity for cotton research and promotion.

When the United States began to discuss the possibility of legislation to provide a basis for action to stimulate foreign agricultural market development activities, U.S. cotton industry leaders collaborated in the development of ideas that resulted in the market development provisions that were included in the Agricultural Trade Development and Assistance Act of 1954, commonly known as P.L. (Public Law) 480.

P.L. 480 provides that some of the proceeds generated from the sale of surplus U.S. agricultural commodities for local currencies may be used to carry out programs to develop new and expanded markets for U.S. agricultural commodities. U.S. cotton industry leaders saw in this provision a sound basis for establishing a cotton promotion program outside the United States.

BECAUSE it is impossible to identify cotton origin after the fiber has been incorporated into yarns and fabrics, and

since consumers basically do not care what the origin of the cotton may be as long as the textile product provides the desired service, it was decided that the program that would be inaugurated would promote cotton in general, with the anticipation that U.S. cotton would obtain its fair share of any expanded market if U.S. cotton were competitive.

Since the National Cotton Council of America (NCC) had been operating an effective cotton research and promotion program in the United States for years, and since the NCC staff had broad experience in cotton promotion techniques and activities, it was decided that NCC should propose to FAS that NCC be authorized to use some P.L. 480 funds to carry out cotton promotion programs in France, Germany, and Japan, even though NCC had been established particularly to carry out activities in the United States.

FAS agreed with the proposal, and NCC entered into a program agreement with FAS on May 23, 1955, thus making NCC the first nonprofit U.S. agricultural organization to begin collaborating with USDA in carrying out agricultural market development activities abroad.

After the agreement was signed, NCC immediately established an office in Paris, and the staff of that office began to negotiate agreements with industry groups in France and Germany for establishment of cooperative cotton market development programs in those countries.

These agreements provided that the program would be financed on a 50-50 basis by FAS and the industry groups, and that the activities would support 100-percent cotton products. At the same time, NCC's Washington staff negotiated a similar agreement with the cotton industry group in Japan for establishment of a cooperative program—also to be financed on a 50-50 basis—in that country.

Because none of the industry groups in France, Germany, or Japan had any experience in carrying out cotton market development activities, the first step NCC took was to begin the training of industry group staffs in these countries in the market development techniques that were being effectively used by NCC in the United States.

Programs in these three countries were developed during the latter part of 1955, and operations were started in 1956. These cooperative programs included market research, public information and education, and promotion activities—all of which were generally modeled after similar projects that were being carried out by NCC in the United States.

NCC was organized specifically to carry out activities in the United States, and its charter and bylaws were not necessarily appropriate for activities to be carried out abroad. Also, foreign activities introduced tax and other potential liabilities for NCC, so it was decided that the U.S. industry should establish a special organization to take over responsibility for cotton market development activities abroad.

As a result of this decision, Cotton Council International (CCI) was established in late 1956 and, pursuant to agreements with FAS, beginning January 1, 1957, assumed responsibility for the cotton promotion programs that NCC had inaugurated in France, Germany, and Japan.

After CCI assumed the responsibilities for cotton promotion activities, CCI ultimately negotiated market research or promotion agreements with industry groups in Austria, Belgium, Canada, Colombia, Denmark, Finland, France, Germany, India, Italy, Japan, the Netherlands, the Philippines, Spain,

The Maid of Cotton has been a principal promotion technique of the U.S. cotton industry since the mid-1930's. Kathy Raskin, 1974 Maid, models 100-percent U.S. cotton apparel (above, left). With officers of the Korea Spinners and Weavers Assn. (above). In Kyoto and Kobe, Japan (left and below), with cotton-clad models. Distributing cotton handkerchiefs in a Kobe store (below, left).

Sweden, Switzerland, and the United Kingdom. The programs promoted 100-percent cotton products, and the costs were shared equally by FAS and the foreign industry groups.

When other cotton exporting countries saw the results of the CCI effort in the cotton importing countries, they began to understand and appreciate the significance and desirability of cotton research and promotion.

Also, the other cotton exporting countries, as well as the United States, were benefiting from the cooperative activities that were generating increased demand for cotton, but these other cotton exporting countries were not paying any of the costs of these activities.

Consequently, in 1964 CCI and FAS decided to urge once again the establishment of an international cotton research and promotion organization. After much effort on the parts of both the U.S. industry and U.S. Government representatives, the International Institute for Cotton was established in 1966 to carry out cotton utilization research and promotion for cotton in general in Western Europe and Japan.

IIC was established as an intergovernmental organization with the United States, India, Mexico, Spain, Sudan, and the United Arab Republic as its original members.

After the establishment of IIC, FAS and CCI agreed to turn over responsibility for the cotton promotion programs in Western Europe and Japan to the IIC, which assumed responsibility for these programs beginning January 1, 1967. IIC continued and expanded the programs that NCC and CCI had inaugurated in Western Europe and Japan.

In addition, IIC inaugurated a comprehensive utilization research program for cotton. IIC had been effectively promoting the interests of cotton in general since it began operations in 1967, and U.S. cotton has benefited and continues to benefit from the IIC program.

After IIC assumed responsibility for promoting cotton in general, CCI began to promote U.S. cotton specifically. Accordingly, CCI modified the program in Canada so that promotion efforts are now designed to support products manufactured principally with U.S. cotton.

CCI then began programs in the Philippines and Korea for products manufactured entirely from U.S. cotton, and programs in Thailand, France, and Japan for products manufactured principally from U.S. cotton.

Also, CCI began to carry out limited promotion activities in certain other countries for products manufactured principally from U.S. cotton. In addition, CCI began to provide technical services for mills in other countries that use U.S. cotton. CCI activities today thus are concerned with helping U.S. cotton to maintain and expand its markets in other countries.

The signing of the program agreement by NCC and FAS was an historic occasion, as it inaugurated a unique system of Government-industry collaboration that has been the basis of FAS agreements with more than 70 other U.S. commodity organizations.

The concept of these agreements is that U.S. agricultural industry and the U.S. Government will collaborate in market development activities for the benefit of U.S. agriculture and the U.S. economy. All sectors of U.S. agriculture and the U.S. economy have benefited accordingly, because the cooperative promotion activities have contributed materially to the expansion of U.S. agricultural exports.

With market development help

U.S. Poultry Exports Surmount Trade Snags To Hit New Record

By D. R. STROBEL
Foreign Market Development,
Dairy and Poultry
Foreign Agricultural Service

DESPITE PROLIFERATING trade barriers limiting U.S. access to traditional markets—and expanding foreign production—U.S. poultry exports last year rose to an alltime high of $133 million, thus breaking the previous year's record of $120 million.

This expansion in the face of sometimes seemingly insurmountable odds has been a trademark of U.S. poultry exports in recent years, as a flexible market development program has capitalized on the growing world demand for poultry products. The keys to success have been rapid development of new markets as traditional ones have declined and a continuing introduction of new products that appeal to foreign consumers and can hurdle existing trade barriers.

Poultry meat has always been the most important factor in poultry product exports, in recent years accounting for over 60 percent of the total export value. Therefore, the problems faced and program adjustments made to maintain exports have centered around poultry meat.

The market development program for poultry meat began in 1956—when U.S. poultry meat exports were only 44.5 million pounds. At that time the poultry industry's International Trade Development Board selected the Institute of American Poultry Industries as the vehicle for cooperation with FAS in its then-infant market development program. Now known as the Poultry and Egg Institute of America (PEIA), this cooperator initially focused on Western Europe and the largest buyer in this market, West Germany, which remains even today the world's largest poultry meat importer.

It was thus logical for PEIA to establish its first overseas office in West Germany to introduce the U.S. eviscerated broiler—a new item to the market. By 1960, the German market for U.S. whole, eviscerated broilers had reached an impressive 176 million pounds. But that gain was undercut in 1962 by the introduction of a Common Agricultural Policy for poultry in the European Economic Community, of which Germany, of course, was one of the six members. The principal provision of this policy was to create a protective levy wall around EC countries' markets for poultry meat. As a result, import charges subsequently put into effect closed to U.S. whole broilers the important West German market.

This launched what was to become a PEIA policy of adjusting its EC promotion program so as to focus on products against which EC import charges had not yet reached prohibitive levels. That ability to adjust approach, combined with the ability of U.S. exporters to change product mix, led to expanded EC markets for uncooked chicken parts, whole turkeys, turkey parts, and further processed items.

Unfortunately, as each item reached significant trade volumes, the EC raised its import charges to prohibitive or near-prohibitive levels. This has meant a declining market in the EC for U.S. poultry products.

However, the United States has managed to obtain a GATT binding of a 17-percent ad valorem duty for cooked poultry items going to the EC. While now small, the EC market for cooked U.S. poultry products has growth potential and will help the United States maintain an EC poultry market.

In addition, it is hoped that the multilateral trade negotiations now underway in Geneva, Switzerland, will restore U.S. access to the EC market. If the U.S. poultry industry had access, the EC would be a continually growing market for U.S. poultry products.

AWARE EARLY ON of the implications of the stiffening EC trade regulations, the PEIA soon began looking for markets in other areas. In 1961, PEIA launched a promotional effort in the Far East with the opening of a Tokyo office to handle activities in Japan, Hong Kong, and Singapore. And in 1973, it established a London office to cover promotion activities in Scandinavia, the Middle East, and the Caribbean.

By going into these and other areas—after market potential for U.S. products had been established through surveys carried out by FAS poultry marketing specialists—PEIA blunted the full impact of the EC policy of continually denying market access. In fact, by 1974, only 17 percent of U.S. poultry meat exports were going to the EC market—now comprised of nine countries—compared with 66 percent to West Germany and the Netherlands alone in 1962.

Japan is now the second most important market for U.S. poultry products.

The flexibility in marketing approach has also extended to products, both for consumers and institutional users. These new products have included chicken and turkey rolls for retail

Left, U.S. poultry products are exhibited at a European trade fair. Trade fairs are among the best ways of promoting U.S. poultry products. Right, demonstration on preparing and carving U.S. turkey highlights a promotion in the Canary Islands. Far right, baby chicks—in one of the earlier U.S. promotions—were reminders of poultry's increasing use in Japanese diets.

and institutional use; cubed chicken and turkey meat for institutional use; comminuted meat as an ingredient for sausage and other food items; boned breasts and thighs; hors d'oeuvres; smoked products; chicken a la kiev; and other products of this type. None of these items were in the marketplace 15 years ago. The size of the U.S. poultry industry, its competitiveness, and the large investment made in new product development gives it a marketing advantage over the poultry industries of other countries.

PEIA and its promotion programs now emphasize the introduction of new products into the world marketplace.

The promotional programs also give direct support both to exporters moving their products through agents who do not take title to a product and to foreign importers who purchase a product directly from the U.S. supplier.

Among promotional activities supported by PEIA are product advertising, demonstration sampling, in-store promotions, and participation in trade fairs. The FAS role in the program includes evaluating the effectiveness of PEIA's overseas activities and recommending changes in program direction that will maximize results of the cooperative promotion effort.

In addition to working with PEIA, FAS marketing specialists are continually seeking new markets for U.S. poultry products. This is done through an initial appraisal of local production, economic conditions, tourist trade, and other conditions in a given market and then through on-the-spot surveys of markets with the best potential. On these visits, they make contact with members of the foreign government and trade to acquaint them with U.S. products.

The specialists determine why U.S. products are not in a market, what might be expected in the way of competition from local and imported products, consumer preferences, and types of U.S. products with the best potential for retail and institutional markets.

U.S. firms are encouraged to follow up by participating in any PEIA or FAS trade fair activity scheduled for a country with market potential. This is the best way for U.S. exporters to introduce their products, since they receive maximum exposure to all segments of the country's trade, have a chance to learn business methods of the country, and can develop contacts with trade members.

If no fair is scheduled, active exporters are encouraged to send representatives to a potential market whenever the opportunity arises, and—when the potential seems especially good —to arrange special sales trips to the market. Once a firm has received orders for a product, PEIA moves in to assist with introductory promotional efforts.

In addition, FAS works to remove trade barriers that hinder the import of U.S. products. While all efforts to change the EC's highly protective system have so far been in vain, there have been successes elsewhere.

New Zealand, for example, had a requirement that all imported poultry meat be cooked to 212°F. as a safeguard for its poultry flocks. This temperature made it impossible for any U.S. product other than a canned, retorted item to enter. Among the items barred by the requirement were uncanned, cooked products such as rolls, roasts, and others that had been heated to an internal temperature of 160°F.

New Zealand officials agreed to test the U.S. uncanned, cooked products. Following the test results—and visits to the United States by New Zealand veterinarians to study U.S. control procedures—U.S. uncanned, cooked products were permitted entry into the New Zealand market.

Also, efforts have been made in concert with USDA's Animal and Plant Health Inspection Service (APHIS) to help U.S. exporters meet the special certifications required by several countries, such as Singapore and the Arab nations.

UNDER AN international free trade system based on efficiency of production—permitting unlimited market access and elimination of all subsidization—the U.S. poultry industry could be exporting four to five times the current volume.

Such an increase in exports would benefit not only the U.S. poultry industry but other farm interests and the economy as a whole. Each pound of poultry meat moving into export means the indirect export of grain and soybean meal used in its production. In addition to the feed used, it means added value to the product from labor inputs and materials used in production, processing, packaging, and transportation. This export of a finished product increases the value of U.S. exports above that realized by the export of the raw feed materials alone.

Regional-State Groups Help Spur U.S. Farm Sales Overseas

By KENNETH M. O'BRIEN, Executive Director
Eastern U.S. Agricultural and Food Export Council, Inc. and
WILBERT SCHAAL
Foreign Market Development, Foreign Agricultural Service

REGIONAL EXPORT groups—made up of State departments of agriculture and related organizations—are the newest members of the cooperative industry-Government team that is successfully promoting the overseas sale and use of American foods and other agricultural products.

The U.S. agricultural industry, long a traditional exporter, gained added impetus and force in the mid-1950's with the passage of Public Law 480. This law generates funds for overseas market promotion and triggered formation of commodity and product associations designed solely to work cooperatively with the Foreign Agricultural Service (FAS) in joint efforts to increase agricultural exports.

In the mid-1960's, State departments of agriculture began actively to promote exports, one of the main vehicles being the FAS overseas exhibit program. A year or two later, several heads of midwestern State departments of agriculture peered ahead and saw promise of further developing exports by combining their international marketing resources into a large and active organization.

Thus, the first regional export group emerged—the Mid-America International Agri-Trade Council—called MIATCO. Member States were those included in the boundaries of the midwestern section of the National Association of State Departments of Agriculture—a 12-State grouping.

The Atlantic International Marketing Association (AIM), with five States as members, was formed next, followed by the Pacific Northwest International Trade Council (PNITC), made up of four Northwestern States.

Soon after, 10 Northeastern States organized the Eastern U.S. Agricultural and Food Export Council (EUSAFEC), and 15 Southern States formed the Southern U.S. Trade Association (SUSTA).

Today, 41 of the 50 States are members of one or more of these regional export groups. MIATCO, EUSAFEC, and SUSTA have headquarters offices and executive directors in Chicago, New York City, and New Orleans, respectively. Headquarters of AIM are in Annapolis, Md., and that of PNITC, in Salem, Oregon.

The regional groups are giving international agricultural trade a new and exciting look. Individual States are bolstering their staffs; nearly half of the States now have full-time international marketing specialists. State administrators are seeking, and getting, additional marketing funds to carry on export promotion. The movement is a natural progression and is being enthusiastically received by all sectors of the commercial trade and the agribusiness community.

Regional directors and State marketers are probing their respective areas for potential exporters, and are strengthening organization services to existing overseas suppliers. Through seminars and personal visits to the trade, these officials are dissolving some of the current mysteries that still bother some suppliers with export capabilities, but who still hestitate to ship their farm products to overseas markets.

The directors and marketers bring in professionals in the agribusiness community to explain how one gets paid for export sales, how and when to ship and whether to use air or surface, to discuss ever-stiffening requirements of the overseas market, and pitfalls to avoid.

Generally, though, the message deals with advantages occurring from overseas trade; that while domestic production carries most of the overhead costs of foreign trade, exports are a valuabl plus; and that payment for interna tional sales is just as reliable—perhap more so—than for domestic sales.

Moreover, dedicated exporters know that selling abroad has erupted as a vita counterpart to domestic marketing. Th American farm economy is now firml enmeshed in the international market Without it, many producers would irre vocably falter or fail completely.

FAS has encouraged, and has wel comed, the regional export groups. Di rectors and networks of member State are streamlining lines of communica tions with the Foreign Agricultura Service and strengthening support t the commercial food and agricultura trade.

Gradually being strengthened an expedited through the work of th regional groups are these importan components of market development Soliciting exhibitors for overseas trad shows; enlarging the national member ship of the Trade Opportunity Referra Service; organizing and programin trade missions and sales teams; partici pating in overseas product identificatio studies; obtaining label and produc clearances; and distributing informatio on all FAS market development an commodity analysis programs. All o these export programs have a singl goal: to bring together U.S. supplier and overseas buyers and to help creat sales of U.S. farm products.

The stakes are large: U.S. agricul tural exports now amount to mor than $21 billion annually, or about one fourth of total exports of $85 billion Much of the production of major com modities must be exported; the domesti market cannot use all of U.S. large scale farm output.

DISCOVERY and retention of foreig outlets for U.S. farm products ar not automatic today; other world sup pliers are continually seeking to pene trate—and sometimes successfully do— markets that U.S. exporters were in clined to consider exclusively their Keen, aggressive sales promotion an marketing by all suppliers and allie business and Government groups, in cluding the regional-State export orga nizations, will increase exports and up hold America's image as a dependabl world supplier of agricultural product

At Munich food show: Prospective West German customer discusses fine points of U.S. turkey with U.S. representative at Minnesota booth; West Germans enjoy snack food at Illinois booth.

Regional-State Export Groups

ATLANTIC INTERNATIONAL MARKETING ASSOC. (AIM)

An association of five eastern State departments of agriculture to promote and develop agricultural exports from member States. They are: Georgia, Maryland, North Carolina, South Carolina, and Virginia.

President	Sidney C. Miller, Maryland Department of Agriculture
Vice President	Russell J. Hudson, Georgia Department of Agriculture
Secretary-Treasurer	Eugene E. Carroll, Jr., North Carolina Department of Agriculture

EASTERN U.S. AGRICULTURAL FOOD EXPORT COUNCIL, INC. (EUSAFEC)

An organization of the 10 northeast State departments of agriculture formed to develop cooperative programs to increase the exports of food and other agricultural products. Member States: Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

President	Philip Allampi, Secretary of Agriculture, New Jersey
Vice President	Y. D. Hance, Secretary of Agriculture, Maryland
Secretary-Treasurer	Frank Walkley, Commissioner of Agriculture and Markets, New York
Member, Executive Committee	Nathan Chandler, Commissioner of Agriculture, Massachusetts
Executive Director	Kenneth M. O'Brien
Asst. to Director	Lynda M. Wright
Headquarters	2 World Trade Center, Suite 5095; New York, N.Y. 10047; Tel: (212) 432-0020; Telex: 710-581-4314 (receive only)

MID-ATLANTIC INTERNATIONAL AGRI-TRADE COUNCIL (MIATCO)

An export council of the 12 midwest State departments of agriculture to coordinate and expand activities for food and agricultural products. Member States: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

Executive Director	Dennis J. Dunn
Headquarters	300 West Washington St., Suite 710; Chicago, Ill. 60606; Tel: (312) 368-4448

PACIFIC NORTHWEST INTERNATIONAL TRADE COUNCIL (PNITC)

A four-State (Idaho, Montana, Oregon, Washington) partnership of State departments of commerce and economic development, departments of agriculture, and private industry representatives communicating jointly to increase Pacific Northwest international trade. The council facilitates cooperation and joint sponsoring of exhibits, trade missions, sales development, and other kinds of sales promotion projects.

President	Fred T. Haley, President and General Manager; Brown & Haley; P.O. Box 1596; Tacoma, Wash. 98401; Tel: (206) 593-3030
Vice Presidents	Jerry Maurer, National Sales Manager; J. R. Simplot Co., Food Division; P.O. Box 1059; Caldwell, Idaho 83605; Tel: (208) 459-6661 James L. Hodge, Distribution Consultant; Butte Local Development Corporation; P.O. Box 507; Butte, Mont. 59701; Tel: (206) 723-3322 William F. Martin, General Manager; Pacific Northwest Livestock Exposition; P.O. Box 17379; Portland, Oreg. 97217; Tel: (503) 285-8301

PNITC Agricultural Coordinating Committee . . .

Jay Glatt, Oregon Department of Agriculture; Tel: (503) 378-3787 (Chairman)
Jerry Williams, Idaho Department of Agriculture; Tel: (208) 384-3240
Eldon R. Fastrup, Montana Department of Agriculture; Tel: (406) 449-3145
R. Vernon Divers, Washington Department of Agriculture; Tel: (206) 753-5046

SOUTHERN UNITED STATES TRADE ASSOC. (SUSTA)

An association of 15 southern State departments of agriculture and related organizations formed to promote food and other agricultural exports from its member States. Member States: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

President	Doyle Connor, Commissioner of Agriculture, Florida
Vice President	John C. White, Commissioner of Agriculture, Texas
Secretary-Treasurer	S. Mason Carbaugh, Commissioner of Agriculture and Commerce, Virgina
Executive Committee	James A. Graham, Commissioner of Agriculture, North Carolina Thomas T. Irvin, Commissioner of Agriculture, Georgia
Executive Director	Herbert Stone
Headquarters	International Trade Mart, Suite 338; 2 Canal St., New Orleans, La. 70130; Tel: (504) 523-6887

Shows, Services, Computers: Aids to Higher Export Sales

By ALEXANDER BERNITZ
Export Trade Service Division
Foreign Agricultural Service

THE ACT OF selling farm products in a foreign country marks the end operation in a series that includes locating potential markets, identifying commodities that consumers there will buy, introducing these products to the proper audiences, and servicing sales inquiries from these and other sales prospects. To accomplish these, the Foreign Agricultural Service uses exhibits, various types of surveys, and a computer.

Within the past few years, as the world's producers and processors of agricultural products increased their output and quality standards, U.S. exporters faced increased competition on the world's markets. This caused a change in program structure from one of servicing a sellers' market to that of ministering to a buyers' market. Hence the FAS program now is geared to working with U.S. farm product industries to help them penetrate new export markets or increase their sales in existing ones.

To identify foreign markets, special commodity identification studies have been made in areas that may offer a sales potential for U.S. processed foods. These studies identify the products in which consumers are interested, listing the most likely buyers of these products in each market. To date, studies have been completed in Saudi Arabia, Kuwait, Bahrain, Brazil, Nigeria, some Caribbean countries, West Germany, Indonesia, Colombia, Venezuela, and Spain. Within the next year, similar studies are proposed for Libya, Tunisia, Morocco, Egypt, Zaire, Ivory Coast, Greece, Portugal, Thailand, and the Philippines.

The results of these studies have discouraged large-scale expenditures of promotion funds in some countries, encouraging it in others. Study results have, for example, indicated a strong interest in institutional-packed foods in West Germany and in foods shipped in bulk for further processing/packaging in the Caribbean.

Another FAS program, the New Product Testing Service, provides U.S. exporters with a refined, three-step method to answer questions about the chances of success of a given product in a given country.

As the first step, labels and data about a product—ingredients, container size and weight, for example—are sent to U.S. Agricultural Attachés to determine if any entry problems exist and whether the product would seem to be suitable for the market under consideration. Since there are 96 U.S. Agricultural Attachés, Assistant Attachés, and Agricultural Officers servicing 105 countries, it can be seen that U.S. exporters have at their service worldwide assistance in locating new markets.

In some countries where a product meets entry requirements, a taste-testing panel can be arranged to determine if the item agrees with preferences of the product's end users. These panels are set up by professional testing companies.

Such taste tests have been run in Sweden and France, and will be conducted in Switzerland, West Germany, Japan, and some other countries.

THE THIRD step in the pilot stage is for the market-testing of the product under study. In these countries, where successful completion of steps 1 and 2 indicate that there is good potential, commercial sales are undertaken with U.S. industry and Government merchandising support.

FAS has provided U.S. producers with the opportunity to participate in food and agricultural exhibits throughout the world since 1955. These exhibits were specifically designed to meet the needs of the U.S. food industry. Exhibits are now held at trade-only-type shows with a specialized audience, rather than at large consumer shows, as had been the practice in the 1950's and 1960's.

These exhibits, open to U.S. firms or foreign agents of U.S. firms, are solo exhibits in that FAS is their only sponsor, and are held in a trade center, hotel, exhibition hall, or some other suitable site that is easily accessible.

FAS also sponsors catalog shows, U.S. Agricultural Attaché product displays, visits by sales teams, and manages livestock/feedstuff exhibits when more than one U.S. commodity association is involved.

POINT-OF-PURCHASE programs are held in countries where U.S. products need an extra push at the consumer level to increase sales or offset promotional activities of competitors boosting similar items. Strong point-of-purchase activities have been held in Japan, the United Kingdom, and Germany, largely as a service to help foreign agents of U.S. firms merchandise the products they represent.

Trade inquiries from overseas prospects seeking U.S. products or from U.S. exporters seeking potential overseas customers, are channeled through the Trade Opportunity Referral Service (TORS). (See *Foreign Agriculture*, March 31, 1975, for more information.)

Handling over 1,600 trade inquiries a year from overseas USDA posts, they are processed by a computer that matches U.S. supplier and foreign buyers according to product interest. In addition, U.S. firms that wish to send direct mail advertising to potential customers or for other business purposes can draw upon the data stored in the TORS computer.

But probably one of the most important services rendered by the Foreign Agricultural Service is to provide firms with a contact point within the U.S. Department of Agriculture for their questions or comments concerning U.S. export markets.

For further details, or for other information, write to ETSD, Foreign Agricultural Service, U.S. Department of Agriculture, Washington, D.C. 20250.

U.S. FARM EXPORT PROMOTIONS, 1975-76

OCATION	DATE	TYPE OF EVENT
/EST GERMANY		ANUGA—general food/equipment show
ologne	September 13-18, 1975	U.S. companies grouped in one area
		FAS-sponsored catalog show
elected cities	To be announced	HRI[1] food shows in major hotels (U.S. processed foods)
'TALY		
enoa	November 15-23, 1975	Tec Hotel show
remona	September 26-October 5, 1975	International dairy show (U.S. cattle and feedstuffs)
lilan	Spring 1976	Agent trade center show
oggia	April 30-May 8, 1976	General agricultural show (U.S. livestock and feedstuffs)
erona	March 1976	Livestock show
APAN		
'saka	August 5-9, 1975	U.S. exhibit (Fresh and processed foods)
okyo	May 17-21, 1976	Adaptable foods show
INITED KINGDOM		
ardiff	October 13-17, 1975	FOODEX—U.K. agent, hotel shows
irmingham		
heffield		
ondon	March 8-12, 1976	U.S. exhibit of HRI[1] and industrial ingredient show (U.S. processed foods)
AST GERMANY		Attaché product display
erlin	September 1976	(Fresh and processed U.S. foods)
HE NETHERLANDS		B.B.B.
trecht	March 1976	FAS-sponsored catalog show
UNGARY	August 1975	Livestock show for Hungarian and other East European buyers (U.S. livestock and feedstuffs)
ORTUGAL		National poultry and swine show
omar	May 1976	(U.S. poultry)
OLAND		Attaché display show
/arsaw	May 1976	(Fresh and processed U.S. foods)
RAZIL		International livestock show
steio	August 1976	(U.S. livestock)
ENEZUELA		International livestock show
alencia	April 1976	(U.S. livestock)
WEDEN	October 19-22, 1975	U.S. processed food sales team
PAIN	November 9-12, 1975	U.S. processed food sales team
NDONESIA	April 25-28, 1976	U.S. processed food sales team
INGAPORE	May 1976	Food and gift package show (U.S. foods)
OSTA RICA	March 1976	National livestock show
L SALVADOR	March 1976	Central American livestock show
USTRIA		Attaché display show
enna	To be announced	To reach government food purchasers of
ast-West Trade Center		centrally planned economy countries (Fresh and processed U.S. foods)
UGOSLAVIA	Spring 1976	Attaché product display
EBANON		U.S. food show
eirut	Spring 1976	(Fresh and processed U.S. foods)
ORTHERN CARIBBEAN	Spring 1976	Reprocessing show (U.S. food materials or products)
OUTHERN CARIBBEAN	Spring 1976	Reprocessing show (U.S. food materials or products)

[1] HRI is hotel, restaurant, institutional.

FAS London Offers Sales "Package" To U.S. Trade

By E. BRUCE McEVOY
Assistant U.S. Agricultural Attaché London

THE FOREIGN market development program has come a long way in its 20 years of existence—from cursory market surveys, team visits, and other exploratory ventures into the largely untested foreign market of the 1950's to use today of some highly sophisticated marketing techniques. One of these latter-day approaches is a program for agricultural exporters to the big U.K. market that lumps the whole spectrum of export services into a "package," keyed to individual exporters' needs.

This "Marketing Services Program" is offered by the U.S. Agricultural Attaché's office in London to executives of State, regional, cooperator, and U.S. food industry groups as an aid in planning successful export programs for their members and constituents. Cost of the package varies, according to type and number of products involved and services required.

The package starts with a marketing plan or planning chart that can be presented to the potential U.S. exporter. It culminates with a visit to London by a firm's representative or a sales team from 5 to 10 firms and then an exhibit of their products at the U.S. Trade Center, London.

The package is available for all types of U.S. agricultural exports—consumer-ready products, institutional foods, industrial ingredients, and bulk food products—and it consists of the following services:

• Preparation of a planning chart. This initial service, which must be begun at least 4 months in advance of the exhibit, involves detailing and scheduling activities leading up to and associated with the exhibit.

• Use of the new product testing system. This entails a review of each product for compliance with U.K. food laws—including a confidential report on the products a company proposes to market—and usage tests for items unfamiliar to British housewives, caterers, or industrial users.

The first check is made by an independent research foundation and the second by a panel of food specialists. These specialists test the product for suitability of taste, packaging, usage, preparation, and other characteristics. Their research is not meant to project export sales potential but rather to uncover marketing flaws before expensive and time-consuming sales efforts have been made and to pose questions that will help a company adapt its product to the British market.

• Review of tariffs and duties. Companies are counseled on tariffs and duties pertaining to their products—an area especially important now that the United Kingdom is in the process of adopting the tariff system of the European Community, including its protective variable levy system for agricultural imports.

• Distribution of product samples. Products to be exhibited in the London Trade Center are made available in advance to selected importers and end users to help determine export opportunities. This also helps to create interest among the British trade in the products and the exhibition.

• Audio-visual presentation on exporting to the United Kingdom. Executives from all participating companie[s] are given a briefing on factors affectin[g] successful exporting: Banking and fi[-]nance; customs and excise regulation[s] and documentation; legal considera[-]tions; and a general marketing revie[w] on the size of the British food industry[,] its structure, and commonly used busi[-]ness practices.

• Use of specialized trade lists. Base[d] on the products involved, special trad[e] contact lists are developed. These, i[n] turn, are used in determining wh[o] should be invited to the exhibit, makin[g] up guest lists for the exhibit an[d] arranging private meetings. The list[s] are drawn from the embassy's extensiv[e] file of trade contacts.

• Use of food industry intelligenc[e] reports. When participants desire t[o] meet with leading food processor[s,] caterers, or retail distributors, specia[l] intelligence reports on the firms ar[e] made available for the participant[s'] perusal.

• Exhibition service. The exhibit [is] the culmination of the program, towar[d] which all the other services have bee[n] building. Depending on the number o[f] participating companies, the exhib[it] takes about a week of the participant[s'] time, with 2 to 3 days devoted to dis[-]playing their products and the rest o[f] the week spent in briefings and specia[l] meetings with members of the Britis[h] trade. Planning and services are take[n] care of by the market development sta[ff] at the Office of the U.S. Agricultur[al] Attaché, London.

Package Approach Boosts U.S. Fish Products, Corn

Skyrow International, Inc., was one of the U.S. firms that recently took advantage of the Marketing Services Program, with a February 19 exhibit of its seafood (oysters, crabmeat, and clams) and frozen corn at the U.S. Trade Center, London. This had been preceded by clearance of product ingredients for compliance with U.K. food additive and labeling laws, development of a special trade contact list, mailing of invitations 4 weeks prior to the product showing, and a telephone followup-call campaign 2 weeks before the Trade Center show.

Total cost of the package came to about $460.

The actual product showing was attended by 62 key tradesmen, including leading importers of fish products, as well as hoteliers, restaurateurs, and other institutional food users.

Shortly after the exhibit, representatives of Skyrow were negotiating with U.K. import agents regarding handling of their products and had arranged for special tests with leading end users. In addition, plans were underway for travel by company officials to the United Kingdom so they could explore possibilities of a pilot scheme to produce frozen corn and corn on the cob for various distributors in the United Kingdom.

The staff will, for instance, take care of booking the U.S. Trade Center or other exhibition area; prepare the planning chart, invitation lists, exhibit catalogs, invitation cards, and other materials for mailing, as well as press releases before and after the exhibit; provide photographic services and temporary personnel to participate in the campaign and a followup telephone survey; and organize at least two special VIP trade receptions that include catering, food demonstrations and sampling. The staff will also handle such shipping details as preparing shipping instructions and arranging for customs handling and clearance of products at the U.K. port of entry and subsequent transportation to the exhibit site.

Finally, the staff will prepare a brief management report on the program, including a budget breakdown, trade guest lists, press clippings, and photographs.

By using such a program, agricultural trade executives can accomplish in a week what normally would take months of on-site research. And they will spare themselves the trial-and-error type operations that are costly to an exporter in terms of expenditure of both time and money.

Parties interested in taking advantage of the U.S. Marketing Services Program may contact the Export Trade Services Division, FAS, U.S. Department of Agriculture, Washington, D.C., 20250, or the Agricultural Attache, American Embassy, 24/31 Grosvenor Square, London wl, England.

U.S. Export Rivals Stepping Up Programs for Market Expansion

By SUSAN D. BROWN
Planning and Evaluation Division
Foreign Agricultural Service

COUNTRIES competing with the United States for world agricultural markets continue to pursue aggressive promotion programs. Efforts to increase exports are becoming more sophisticated as their marketing experience grows.

U.S. competitors in world markets are firmly convinced that market development is an essential ingredient in developing and maintaining a sound foreign trade environment for agricultural commodities. The feeling is strong that market development must be a long term continuing effort.

Reports recently filed from the overseas agricultural attachés, analyzed in terms of both major exporting and importing countries, confirm that U.S. competitors have "dug in." Noteworthy are stepped-up activities in the petroleum–rich and centrally planned economy countries.

Expenditures for market development by major U.S. competitors stood at $63 million in fiscal 1966. Preliminary data indicate expenditures of at least $125 million in fiscal 1974.

Exporting nations carry out a wide array of activities designed to stimulate demand for their farm products. Activities include market information, team travel, exhibits, seminars, feeding trials, and various types of consumer promotion. Examples of activities follow:

Canada. The Canadian Grain Commission recently accelerated a regular overseas travel program directed toward better informing customers about the quality of Canadian grain. In September 1974, 36 delegates from 10 countries were brought to the Canadian International Grains Institute for a 1 month course on the quality of the Canadian product.

For the past 2 years, the Canadian Grains Council has been conducting feeding trials in South Korea.

Numerous beef and cattle associations participated in several foreign exhibits and sponsored trade visits.

Australia. The Australian Government is working hard to develop trade relations with Latin America, Africa, the People's Republic of China, the USSR, and other countries. The Government provides assistance to overseas trade missions, and commodity boards carry out market development activities for most major exports.

The Government and the commodity boards are involved in consumer education programs, baking contests, participation in fairs and exhibits, point-of-purchase promotions, publicity, and advertising campaigns.

Netherlands. The Dutch Ministry of Agriculture and Fisheries participates in about 20 exhibitions a year. The Ministry also invests a substantial amount of money in producing films to influence buyers in developing countries and in Arab markets.

The Product Board for Poultry and Eggs sponsors a large program in West Germany that involves extensive advertising on television and in the trade magazines.

The Information Bureau for Meat and Meat Products displays meat and carcasses at large agricultural shows in EC countries in an attempt to reach meat importers and butchers.

To prevent financial loss for Dutch exporters, the Ministry tests foreign markets in which exporters are hesitant to initiate market development programs and activities.

Israel. Israel concentrates its activities in Europe. The major products promoted include fresh citrus, avocados, lettuce, strawberries, celery, and melons.

The Israelis put strong emphasis on direct communication with consumers through in-store promotions; television, newspaper, and radio advertising; and posters. Israeli promoters frequently participate in fairs and exhibitions.

Every year the Agricultural Export Company and/or the Citrus Board invite trade teams to Israel, usually with all expenses paid. The Cotton Board also invites its foreign buyers to Israel once a year.

Denmark. Since joining the EC in 1973, Denmark has changed its promotional emphasis—less on overseas countries such as the United States, Canada, and the Far East, and more on EC countries.

In 1974, new emphasis was put on Middle East markets. Also, the Danish Government was placing major importance on developing trade with the state trading countries. These areas are expected to be emphasized even more in 1975.

Denmark exhibited agricultural products at 17 trade fairs in Europe and the Middle East. Advertising and commercial activities were held in connection with the exhibits.

In the United Kingdom, newspaper and television advertising, in-store promotions, visits of the "Viking princesses," sampling, and lotteries were used to promote consumer purchaser of Danish bacon.

In West Germany, Danish poultry campaigns have been intensified. Poultry and a wide variety of other products were promoted in chain stores.

In the fall of 1974, a 10-man team was set up to expand trade with Eastern Europe, Yugoslavia, Cuba, the PRC, Mongolia, North Korea, and North Vietnam.

France. In 1974, the French Society for the Promotion of Sales of Food and Agricultural Products (SOPEXA), conducted a series of point-of-purchase promotions, "French Weeks," and mini-fairs. The products most heavily promoted were cheese, wine, canned peas, mushrooms, pork products, bakery products, apples, and a variety of frozen foods.

Spain. Spain has been gradually increasing its activities for promotion of agricultural products in foreign markets. Fruits and vegetables, olive oil, and olives are the primary commodities being promoted.

In 1974, Spain participated in the national convention of the British Retail Fruit Trade Federation. "Spania" citrus was the subject of an aggressive advertising campaign in the United Kingdom. During its 1974 citrus marketing season, Spain undertook an intensive citrus advertising campaign in Scandinavian countries.

During 1975, the Spanish Olive Oil Export Promotion Institute will continue to concentrate on established markets, with new emphasis on Brazil and Puerto Rico.

U.S. competitors continue to demonstrate their intent to capture new markets and to increase their share of old ones. Food importers are quickly realizing the opportunities for increased sales derived from effective promotion activities.

With the increasing promotional efforts of U.S. competitors in major U.S. markets and elsewhere in the world, and the demand for services by farm product importers, the United States will continue an aggressive effort to maintain its position as the leading agricultural exporter to markets around the world.

A record total of 39 countries promoted their farm products in Japan during 1974. The tribesman pictured above was part of a brochure advertising coffee beans grown in Papua New Guinea. Left, a West German advertisement in Japan for candy, cookies, jellies, jams, and other products for diebetics or dieters. The West Germans also distributed free "Cook German" books to Japanese restaurants, hotels, and cooking schoo

The People's Republic of China (PRC) spent $7.5 million on a pair of month-long exhibitions in Tokyo and Osaka, aimed at improving the image of PRC agriculture and stimulating trade. Four million people sampled or bought a range of 2,500 PRC farm products, and sales totaled over $300 million. One pamphlet included photos promoting PRC cotton, right, and wheat, below.

The Role of Export Programs in Foreign Market Development

By GEORGE S. SHANKLIN
Acting Assistant Administrator, Commercial Export Programs
Foreign Agricultural Service

ALTHOUGH recently it may have seemed as if the American farmer literally could not produce enough to satisfy a voracious foreign demand, there have been many times in the past when certain U.S. farm products could be sold abroad only through use of special export incentive programs.

These programs—including sales from Commodity Credit Corporation stocks, barter, and export payments—are aimed at enhancing sales opportunities when free market conditions are not conducive to exporting or when special credit arrangements are needed. While the recent strong demand and high world prices for farm products have made them largely unnecessary, the programs can be easily revitalized should the need arise.

As described in the article on page 19, truly concessional terms are offered under Public Law 480—from outright donations on a delivered basis to the provision of long-term, low interest credit that reaches far beyond terms available in the commercial trade. The commercial export programs occupy that part of the spectrum between the truly concessional terms offered under P.L. 480 and the strictly commercial terms calling for cash payments on presentation of shipping documents.

These programs are intended to stimulate exports of commodities in commercial channels. They have the capacity to meet most forms of competition from other exporting countries and to overcome competitive handicaps in certain markets. They bridge most of that troublesome gap between commercially obtainable credit terms and the truly concessional terms that would otherwise be required. And they are intended to be used selectively to provide markets for commodities where from time to time demand is unequal to supply.

Perhaps the best known of these programs—and the only one currently active—is the Commodity Credit Corporation (CCC) Credit Program, often referred to as "GSM-4" after the regulation which implements it. This program, described in the accompanying box, was developed in the early 1950's by the Office of the General Sales Manager to stimulate exports of surplus commodities held in CCC stocks. As these inventories were liquidated, the program was revised and made applicable to U.S. commodities from free-market stocks.

As much as $1,029 million worth of agricultural commodities moved under CCC credit in fiscal 1973, and over the past 10-year period the program accounted for approximately 4 percent of U.S. agricultural exports.

"At the present time, the United States does not subsidize the export of any agricultural commodities, but this has not always been the case."

During the past season the credit program was sharply curtailed—dropping to $298 million in fiscal 1974 —owing to commodity supply constraints. Despite limited availabilities, it was nonetheless kept active in an effort both to assist hard-pressed traditional customers beset by the soaring costs of oil imports and to retain traditional U.S. markets.

Another commercial export program —nearly as well known but presently inactive—is the Barter Program. This program began in the early 1950's as a means of exchanging surplus agricultural commodities for strategic materials, which were being stockpiled during that cold-war era.

After strategic materials requirements were met, the program was adapted to other uses that also conserved foreign exchange, principally the offshore procurement of goods and services for other Government agencies. In fiscal 1973, agricultural commodities valued at $1,088 million were exported under barter, and over a 10-year period (fiscal 1964-74) this program covered approximately 5 percent of U.S. agricultural exports.

Although this program was suspended on July 1, 1973, for lack of supplies, the Department has under consideration a revised and improved version that could be activated should the supply situation so require.

At the present time, the United States does not subsidize the export of any agricultural commodities, but this has not always been the case. Under the old form of price support program, which held domestic prices well above prevailing world prices, it was necessary to provide export payments on some commodities if they were to be exported at all. Such payments have been provided intermittently in the postwar years for a number of agricultural commodities, including feedgrains, rice, and wheat.

The International Wheat Agreement (IWA), in which the United States has participated continuously since the agreement's inception in August 1949, required that some form of export payment be employed to enable the United States to meet its commitments. In fact, this program very likely represents the longest continuous U.S. experience in making export payments on a farm product.

In the agreement's beginning, world prices were above agreement maximums, and payments were unnecessary on non-IWA sales. In September 1952, however, prices dropped below the maximum, and for the next 20 years, virtually all U.S. wheat for export was subject to export payments—without which sales could not have been made. In September 1972, when world prices again rose above domestic prices, the wheat export payment program was brought to an end.

For much of the post World War II era, payments also were necessary for exports of rice and, intermittently, feedgrains.

Although the export payment programs are presently inactive—and it is not contemplated that they will be

required unless unexpected changes occur in the supply situation or in the price support programs—these too are being revised, improved, and held in abeyance in case they are needed.

Lastly, during the postwar period, sales of agricultural commodities were made from CCC inventories at prevailing export prices, another form of export subsidy. Until 1972, CCC held some stocks of most price-supported commodities, and at times these were of truly burdensome proportions. Under its Charter Act, the CCC has authority to sell for export at competitive prices without regard to either its costs of acquisition or prevailing domestic prices. Sales announcements for this activity are still in place, but no sales have occurred since June 30, 1973, because CCC inventories have been exhausted.

Should CCC again acquire stocks of agricultural commodities in the course of carrying out its price support activities, the export sales program can easily be reactivated, and the program doubtless will be.

All of the commercial export programs are coordinated with the concessional terms provided under Public Law 480 and with the Department's extensive market development activitie[s]. This coordination of export progra[ms and] activities is achieved through the Ge[n]eral Sales Manager, who reports d[i]rectly to the Secretary of Agricultur[e].

Although the office of the Sal[es] Manager has policy responsibility f[or] these activities, their operation is carrie[d] out through the Foreign Agricultur[al] Service, with which the Manager mai[n]tains an extremely close working rel[a]tionship. There is a good deal of inte[r]change between these activities, eac[h] of which plays its part in the commo[n] effort to provide export markets f[or] U.S. farm products.

CCC Helps Build Markets for U.S Farm Products

In the competitive world of export sales, the extension of favorable financing arrangements frequently makes all the difference in gaining access to a new market—or maintaining or expanding sales in an established market. This is borne out by the USDA's Commodity Credit Corporation (CCC) Export Sales Program, which has financed overseas sales of about $3.7 billion worth of U.S. agricultural commodities since it began in 1956.

The CCC program has been helpful in maintaining, expanding, or developing U.S. farm markets in Eastern Europe, North Africa, Peru, Guatemala, Greece, and other areas. It has been useful in meeting competition from other suppliers such as Canada, Australia, and France, which also provide credit terms. In a number of instances the United States has been able to gain business under the marketing requirements set up under Public Law 480 agreements—business that has previously gone to competitors. Some major examples of this are India, Pakistan, Brazil, and Ecuador.

Thus far in fiscal 1975, $69.4 million worth of cotton and $52.2 million of tobacco have been financed under the program. In addition, $35 million of feedgrains and $24.4 million of wheat have been financed under previously established lines of credit.

Feedgrains were declared ineligible for CCC credit financing in November 1974. Although eligible, no wheat has been financed since that time. However, current U.S. grain crop prospects, at least for wheat, appear favorable, so that credit sales of these commodities should be resumed in the latter half of 1975 (barring a repeat of last year's bad weather).

As of May 1, some new commodities have been added to the list of products eligible for export financing. These are dry edible beans; frozen poultry, Grade B or better; canned poultry, Grade C or better; dried, frozen, and canned eggs; hog grease; raisins; and wheat flour. These are in addition to beef and dairy breeding cattle, and breeding swine meeting USDA specifications, cotton (milled), brown rice, tallow, and wheat.

CCC provides export financing for U.S. farm commodities from privately owned stocks by purchasing U.S. exporters' accounts receivable. Credit periods range from 6 to 36 months and interest is charged at a rate announced every month. Financing arrangements are made with private U.S. exporters, but the credit actually goes to the overseas customer importing U.S. agricultural commodities.

Current interest rates are 8 percent for U.S. bank obligations, and 9 percent for foreign bank obligations. An irrevocable commercial letter of credit from an acceptable bank is required to assure payment and enable the U.S. Treasurer to draw drafts for payments—normally equal annual amounts of principal plus accrued interest. This program finances 100 percent of the f.o.b. value of the eligible commodity, but covers none of the ocean transportation costs.

Lines of credit are currently in operation for Egypt, Korea, Poland, the Philippines, Romania, and Thailand. Except for rice and tallow for Poland and cotton to Thailand, these lines of credit provide for 36-month financing, with equal annual payments of principal plus the accrued interest.

CCC credit has been important in maintaining or expanding U.S. exports of cotton to South Korea, the Philippines, and Thailand. Recent drastic price fluctuations for cotton have, however, complicated the situation in these areas, but again, CCC credit is helping to protect the concept of sanctity of contracts there as well as in Taiwan.

The CCC Credit program, which is relatively devoid of red tape, enjoys widespread U.S. trade support. U.S. exporters have verified that CCC credit—though it may have displaced some cash sales at times—has increased U.S. agricultural exports well above what they otherwise would have been.

—Ralph E. Spencer
Export Operations Division, FAS

?.L. 480-Humanitarian Effort Helps Develop Markets

'y ARTHUR MEAD
ssistant Administrator
'.L. 480 Programs
oreign Agricultural Service

"THE CONGRESS hereby declares it to be the policy of the United States) expand international trade; to develop nd expand export markets for United tates agricultural commodities; to use ıe abundant agricultural productivity f the United States to combat hunger nd malnutrition and to encourage economic development in the developing ountries. . . ."

With these words, the preamble of ıe Agricultural Trade Development nd Assistance Act of 1954 (Public ,aw 480) set the stage for a far-reaching movement during the ensuing 20 ears of U.S. agricultural products to eveloping nations. It also laid the basis or the growth of commercial markets ı many of these onetime P.L. 480 ecipients, including Japan, Italy, Spain, nd South Korea—all now among the op commercial importers of U.S. agricultural products.

The concessional sales part of the ublic Law 480 program, Title I, curently provides for low-interest, longrm credit to receipients. Payment is ıade in dollars, and proceeds of sales ıto commercial channels are used by ıe recipient country for agricultural elf-help measures and general economic evelopment.

Such shipments, along with those nder the Title I foreign currency sales rogram, now phased out by law, totaled 16.6 billion from the program's ineption through December 31, 1974, nd have gone to 69 countries. While ow small compared with total U.S. arm trade, they continue important for articular crops and in assisting food eeds of developing countries.

In addition, Title II of P.L. 480 proides for direct donations of U.S. farm roducts in cases of natural disaster or ther crises and through U.S. voluntary elief agencies and the multilateral Vorld Food Program.

In the past 3 years, food production as suffered from unfavorable weather ı many parts of the world. As a result, food supplies have not kept up with growing world needs. This has increased worldwide interest in the supply of food and its distribution among countries needing financial assistance to pay for necessary supplies and tended to increase the influence of food policy on foreign policy.

During this period of relatively tight agricultural supply, exports under P.L. 480 programs have continued at a moderate level. These helped supply part of the food needs of some developing countries, although the major part of shortfalls was filled commercially.

As the U.S. supply situation improves, it should be possible to program more agricultural products to needy countries, taking into account whether they could reasonably be expected to develop into viable commercial markets.

Many countries have "graduated" from P.L. 480 markets to commercial market status. In the 1950's, countries like Italy, Spain, France, and Yugoslavia were largely dependent on P.L. 480 for financing their imports of U.S. agricultural products. In 1955-56, U.S. exports to Italy—valued at $111 million —were 70 percent financed under P.L. 480.[1] The proportion for Spain was 95 percent, for France 74 percent, and for Yugoslavia 96 percent.

BY 1969, ALL of these countries were importing U.S. farm products on commercial terms. And by 1973-74, these markets had expanded to the extent that Italy purchased U.S. agricultural commodities valued at $497 million while France took $335 million, Spain $387 million, and Yugoslavia $91 million—on commercial terms.

In the Far East, the classic example is Japan, which in 1955-56 received about one-third of its imports of U.S. agricultural products under P.L. 480. By 1973-74, U.S. exports of farm products to Japan had reached $3.4 billion.

The Republic of China and South Korea are still other examples of Far Eastern markets that have shifted from over 90 percent P.L. 480 financing to 98 percent commercial for Taiwan and 64 percent for South Korea. Over the same period, U.S. agricultural exports to these countries increased from $52 million to $242 million in the case of Taiwan and from $49 million to $486 million for South Korea.

It is recognized that the P.L. 480 program as such cannot be given all the credit for the growth of these commercial markets. But many products were introduced into these markets by the P.L. 480 programs; new commercial relationships were established; and foreign consumers became aware of the wide variety, high quality, and standardization of U.S. farm products. Once introduced and appreciated, U.S. farm products were promoted by the U.S. trade and through the cooperative foreign market development program.

ALSO RELEVANT have been donation programs carried out under Title II of P.L. 480. These consist of:

- The U.S. contribution to the World Food Program of the U.N. Food and Agriculture Organization (FAO);
- Donations of food to accredited U.S. nonprofit voluntary agencies such as CARE, Church World Services, Catholic Relief Service, and American Joint Jewish Distribution Committee.
- Government-to-government donations for disaster relief and economic development.

The World Food Program is financed by voluntary contributions of U.N. and FAO members in the form of commodities, services, and cash. Most of the food is distributed as part of the pay given otherwise unemployed or underemployed people working on economic development projects in developing countries.

The voluntary agency program provides food for national child health projects, school lunch programs, refugee feeding, and similar programs.

The food donations directed to other governments are used for assisting victims of volcanic eruptions, earthquakes, hurricanes, floods, droughts, and civil strife. They may in some cases be used for school feeding and community and other development purposes.

[1] **Including small amounts of other U.S. Government aid program financing.**

FAS Cooperators

Continued from page 11

National Peanut Council (NPC) has had a limited marketing research and development program since 1963, with a long-range goal of boosting foreign per capita consumption of U.S. peanuts and peanut products. Most of its major activities are in Japan with the development and evaluation of a Japanese consumer taste test for various formulations of peanut butter. Since NPC does not have any overseas offices, this program is managed by an advertising firm located in Japan.

However, the Council is also looking toward Europe as a market for peanuts and peanut products and has sent marketing teams to the Continent and the United Kingdom in 1974 and 1975. It appears that the United Kingdom has the greatest potential for peanut butter at this time. (See *Foreign Agriculture*, Feb. 24, 1975.)

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Tobacco and Seeds

The American Seed Trade Assoc. (ASTA) engages in two-way exchanges of teams of trade and government officials. Most market promotion activities are carried on in Western Europe, Japan, Korea, Mexico, and some South American countries. There are plans to expand ASTA's overseas operations to include the Soviet Union, the People's Republic of China (PRC), as well as some other countries not now being serviced.

Three tobacco associations comprise the U.S. tobacco cooperators. They are *Tobacco Associates, Inc., U.S. Tobacco Exporters Association, Inc.*, and *Burley and Dark Leaf Tobacco Exporters Association, Inc.* U.S. tobacco cooperators handle worldwide promotional activities that include an advertising project in Austria and a travel project that brings foreign government and trade officials to the United States to study the quality of U.S. tobacco and to observe U.S. techniques of tobacco production, grading, handling, manufacturing, and product distribution.

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Spain Is Fastest Growing Market In Europe for U.S. Farmer

By CLARENCE L. MILLER
U.S. Agricultural Attaché
Madrid

WHAT MAJOR European country today is the fastest growing market in Europe, the fastest growing European market for the U.S. farmer, and draws more tourists than any other country in the world?

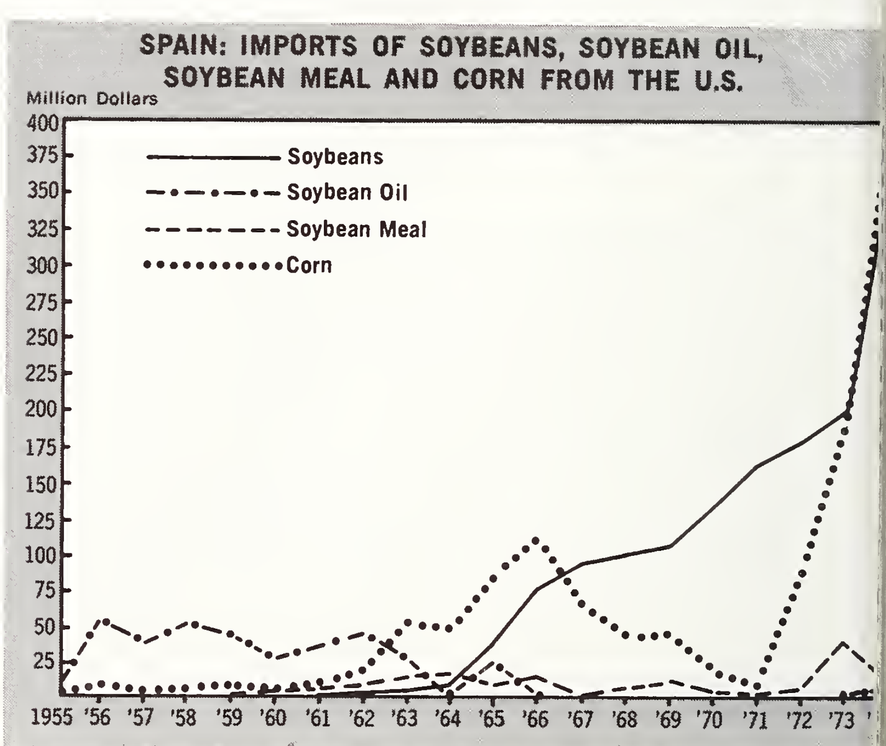
Answer: Spain. Spain's economic progress during the past 2 decades has been phenomenal. A little more than 20 years ago, Spain's agricultural and industrial economies were badly in need of modernization. During the period 1960-74, Spain enjoyed an average growth rate of more than 7 percent in real terms.

In the 1960's, the percentage of Spain's population engaged in agriculture dropped sharply from 41.3 percent to 29.2, while the country more than doubled its per capita consumption of meat and eggs and increased protein intake from 2.6 ounces to about 3 ounces per day.

Although Spain has made great strides in improving agricultural output in recent years, the country's fa economy still is not able to keep up w the increasing food needs of its popu tion, who are demanding more anir protein as they become more afflue

Spain is probably the outstand example of all world success sto attributable to the United States P 480 market development program. the first 10 years of the progra operation, the United States not o assisted Spain by extending a line credit, but also introduced and w acceptance in Spanish markets of oil, corn, and cotton.

FAS-Cooperator programs have ured largely in the successful devel ment of corn and soybean markets Spain. The U.S. Feed Grains Cou played a major role in the growth Spain's livestock and poultry industr and the American Soybean Associat was instrumental in establishing panded use of soybean oil in the v country that was and still is the wor



largest producer of olive oil.

Substantial quantities of U.S. soybean oil began moving from the United States to Spain in 1956, under the P.L. 480 programs. These imports permitted Spain to supply consumers with a modest-priced edible oil and, in turn, to export greater quantities of the more expensive oilve oil—a move that enabled Spain to overcome serious balance-of-payments difficulties then being experienced.

From 1960 to 1967, Spain took increasing quantities of soybean meal as the country developed and expanded its broiler and egg industries in cooperation with the U.S. poultry industry.

Token shipments of U.S. corn were delivered to Spain early in the P.L. 480 program, and in 1961 these shipments increased substantially. This development coincided with the development of Spain's poultry and swine industries, whose total demand for feedgrains was in excess of domestically produced supplies.

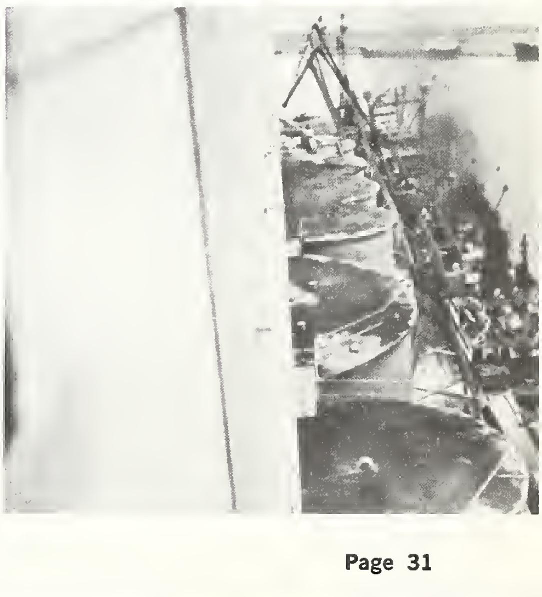
The years 1962-64 marked a turning point for U.S. agricultural exports to Spain. Two important changes occurred in this period—the establishment of a Spanish domestic oilseed crushing industry and the slowdown of shipments under the P.L. 480 program. This period marked Spain's transition from a concessional sales country into a leading commercial export market for U.S. farm products.

U.S. exports of soybean oil to Spain declined during this period, although sizable quantities were shipped during calendar 1965. Likewise, U.S. exports of soybean meal fell off as a result of the new oilseed crushing capacity that came into production, while exports of whole U.S. soybeans increased substantially.

At the same time, U.S. exports of corn—another necessary ingredient in balanced feed formulas—rose considerably in value.

Spain today is the fourth largest market in the world for U.S. corn and the fifth largest market for U.S. soybeans. The country's substantial increase in tourism thus has both whetted the population's appetite for more and better food and has also provided the wherewithal to pay for the higher living standard.

Clarence L. Miller, U.S. Agricultural Attaché, Madrid, examines soybeans at dockside at a Spanish port (top right). Indusoja soybean storage facility at Tarragona, Spain (below). Spanish soybean processing plant (bottom). Spain's imports of U.S. soybeans have increased substantially with expansion of its crushing industry.



SPAIN: IMPORTS FROM THE UNITED STATES
[In thousands of U.S. dollars][1]

Year	Soy oil[2]	Soybeans[3]	Corn[4]	Soy meal[5]
1955	6,327	4	2,621	—
1956	56,422	—	5,657	—
1957	43,098	17	2,964	142
1958	50,591	—	2,812	—
1959	46,215	—	5,354	258
1960	30,075	88	3,117	2,106
1961	37,802	—	12,955	2,984
1962	47,041	1,637	16,704	4,110
1963	25,426	1,751	53,012	16,394
1964	4,422	6,434	49,187	14,987
1965	25,409	37,878	87,678	8,499
1966	1,910	75,375	117,386	10,991
1967	1,303	92,239	69,191	1,129
1968	152	101,415	39,729	4,047
1969	—	106,510	43,269	7,673
1970	—	135,413	23,023	2,024
1971	—	162,976	3,693	922
1972	—	177,650	76,679	2,706
1973	—	194,228	182,351	42,185
1974	2,556	367,594	388,322	18,771

[1] Converted at exchange rate prevailing in given year. [2] 1955 through 1960—edible vegetable oils; 1961 through 1974—soybean oil. [3] 1955 through 1960—oilseeds; 1961 through 1974—soybeans. [4] 1955 through 1974—corn. [5] 1955 through 1969—oilseed cakes and meals; 1970 through 1974—soybean meal. Source: Spanish Customs Office.

Fast Foods in Japan—A Billion-Dollar Industry?

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A McDonald's in Tokyo—one of the 60 that have opened in Japan since 1971. They lead all U.S. fast-food firms in Japan in volume of sales.

FAST-FOOD operators in the United States say that, outside North America, Japan offers the best growth prospects in the world for fast-food outlets. In the United States, the fast-food industry has sales of $9.8 billion annually, and there is a retail outlet for every 5,300 of the population. In Japan, there is one fast-food outlet for every 31,000 of the population, and the industry had sales of $237 million annually in 1974 in the more than 3,500 outlets operating.[1]

This, however, is going to increase because the present fast-food operators in Japan are predicting a fivefold growth for the industry by 1979. When this occurs, fast food in Japan will be a $1 billion industry and U.S. farmers could expect $100 million more in exports.

The fast-food industry in Japan is currently made up of 2 major segments. One is the old-line small carryout, featuring traditional Japanese food such as sushi (raw fish and rice snacks), yakitori (grilled chicken on a skewer), and chinese noodles. In 1973, these old-line outlets accounted for over 80 percent of the units in operation and nearly 60 percent of the industry sales.

The other major type, commonly referred to as Western style, are the chicken, pizza, and hamburger outlets like those in the United States. In Japan, these Western-style outlets began operating in 1970. By 1974, 24 of the 43 fast-food firms operative in Japan were serving Western-style foods.

There are three kinds of ownership of Japanese Western-style chains:

Technical tie-ins, in which Japanese companies such as the large trading companies, retail supermarkets, restaurant chains, and even some industrial firms buy the technology and expertise of U.S. fast-food companies via licensing arrangement.

The Japanese firm usually makes a substantial payment to obtain the franchise rights in Japan plus an annual payment of a royalty of 2.5-3.5 percent of gross sales. More than half (13) of the Western-style fast-food firms fall into this category.

Joint ventures, in which American companies provide up to half the invested capital. About one-fourth (5) of the Western-style chains operating in Japan are in this category.

Wholly owned enterprises, in which Japanese companies have copied Western fast-food menus and formats and, in some instances, have added some of their own menu innovations. There are five such firms currently operating in Japan. These wholly owned Japanese firms plan to expand more rapidly than the U.S. affiliates—they are familiar with local conditions and have sites for building fast-food outlets.

NINETY percent of the food ingredients used in Japanese Western-style fast-food chains are imported. Some are imported directly in processed form, and the balance is processed locally from imported bulk commodities. The products used by fast-food chains in 1973 were primarily in fresh or frozen.

In Japan, the frozen form is highly acceptable because it is considered to be very similar in taste to the fresh product. Condiments and sauces such as tomato sauce, ketchup, pizza ingredients, flavoring materials, spices, and related items were usually bought in cans. Very few dehydrated items were used by Japanese fast-food chains.

The Western-style fast-food outlets in 1973 utilized 69 million pounds of food products and had a wholesale value of $33.5 million. Cereal and dairy products were the foods used in greatest volume in Western-style fast-food outlets. They accounted for 61 percent of the volume and 52 percent of the value of food used in 1973.

Meat, poultry, and fish accounted for 15 percent of the poundage but almost 27 percent of the total value. Vegetables had 12 percent of the poundage and 7 percent of the value, while fats and oils accounted for 8 percent of the poundage and 8 percent of the value.

The United States is the sole source of some imports, primarily because the Japanese adhere closely to quality specifications spelled out in the franchise agreements. Because the industry is young and total volume small for specific items, some Japanese food manufacturers do not yet wish to compete for this market.

The fried chicken enterprises in Japan, for exampe, have had problems in getting the required size chicken (a 2.5 lb, 80-day bird) for their operations. Some of the U.S.-affiliated hamburger chains have had problems getting french-fried potatoes and apple pie stock from local or third-country sources that meet franchise rules.

More than half of the Western-style fast-food operators have reported that tariffs, quotas, and food-additive and classification regulations create considerable difficulties in obtaining supplies from foreign countries.

The strongest complaints involve beef import quotas. Limitations on imports of beef handicap the Western-style hamburger chains operating in Japan. These quotas inhibit their growth plans

[1] **Based on an ERS/FAS Cooperative Study conducted in Japan, late 1974.**

ticularly by affecting their efforts to intain a low-cost image for this type operation.

Some fast-food firms experience a nber of product classification probns. An illustration is hot chocolate up. This product is being test-marked in Japan, a high degree of conner acceptance.

The problem is that because of the h sugar content of the syrup, it is sently classified by the Japanese vernment as a confectionary item d thus has a 40 percent import duty ied on it. If attempts to have it ressified as an "ingredient" are success, the duty will drop to 10 percent.

The Japanese food regulations on litives are also very strict—in some es, stricter than U.S. standards. An mple is the sulphur dioxide content itation on dehydrated potatoes. In United States, sulphur dioxide cont ranges between 200-600 parts per lion (ppm), while the Japanese have olerance of only 30 ppm.

f Japanese officials could agree to ept the U.S. content range, the . chances of selling dehydrated poes in the Japanese market would rove dramatically. Work is under y to resolve this problem, and U.S. pliers anticipate a favorable decision.

Top management of the leading stern-style fast-food chains in Japan optimistic about the future of their ustry. Their optimism is based on wth performance in recent years.

n 1973, for example, these chains l 573 outlets with sales of almost $82 lion. By 1974, the number of out increased to 785 and sales to $124 million. This represents a 37 percent growth in the number of outlets and a 50-percent increase in sales.

Japanese executives expect that by 1979 the Western-style fast-food industry will have about 4,000 outlets, ringing up more than $700 million in sales. This, plus the sales by the traditional Japanese fast-food outlets, will easily pass $1 billion in annual sales by 1979.

Most of the growth planned by 1979 will take place inside Japan, primarily because franchise agreements limit operations to the host country. However, some of the wholly owned Japanese firms that are not restricted have definite plans to expand into other countries.

They are looking at large population centers nearby, such as Korea, Singapore, and Hong Kong and in some instances, at the United States and Canada for foreign expansion.

If the 1979 projection of over $700 million in sales is reached by Western-style fast-food outlets, it will mean a market for food in Japan of nearly $300 million per year, most of which will be imported. This sales figure is based on food ingredient costs that account for 40 cents of every $1 in sales.

It is not known what portion of this market is currently accounted for by U.S. products, or what will be by 1979. However, it is known that the United States is currently supplying much of the wheat flour, oils and shortening, frozen potato products, dried onions and onion rings, sauces, and spices.

Altogether, these items represent over 40 percent of the nearly $300 million food market that could make the U.S. share approximately $120 million by 1979, assuming there are no major changes in the proportion of food supplied by the United States.

However, there are indications that the United States could expand its present share by supplying more of the frozen beef, particularly portion-control beef, which, according to some fast-food operators, the United States could supply competitively. Other frozen foods from the United States also have potential because the Japanese regard frozen food as the nearest substitute for fresh.

The United States can best develop the fast-food market in Japan through technical service for the industry, help in reducing trade restrictions, and improved transportation services between the two countries.

A major market, current and potential, exists for nonfood items for fast-food outlets. Many of the Japanese fast-food operators prefer U.S. equipment such as pizza ovens, merchandising display cases, chicken cutters, milkshake mixers, and grills.

Some operators buy paper goods, furniture, and decorator items from the United States for their initial and subsequent outlets. More than one-third of the managers interviewed believe the United States will continue to be an important supplier for these items.

If the fast-food industry grows as projected, a total of $279 million will have been spent by 1979 on nonfood supplies, furnishings, and equipment by the Western-style fast-food firms in Japan. Most of these items will come from the United States because the Japanese firms that have franchise agreements with U.S. operators want to adhere to the frachise specifications.

Western-style fast foods in Japan have a bright future. The basis for this optimistic outlook is the strong financial backing of the industry, the effective and efficient use of American technology and expertise, and the popularity of Western-style foods with the 35-and-under segment of Japan population.

On the other side of the ledger, the Japanese fast-food industry will have to reckon with the current world problems of energy, inflation, and recession, which have hit Japan particularly hard. These economic factors may reduce the announced 1979 expansion goals for the industry.

Japan's recent history of resilience in the face of adversity, however, suggests that these major obstacles will be overcome, and the fast-food industry, along with the rest of the Japanese economy, will continue to prosper.

JAPAN: NUMBERS AND EXPANSION PLANS, WESTERN-STYLE FAST-FOOD OUTLETS

Major food specialty	Outlets 1974	Outlets 1979	Change from 1974 to 1979
	Number	*Number*	*Percent*
Donut	164	421	157
Fried chicken	125	300	140
Hamburger	227	1408	520
Ice cream	205	1275	522
Pizza	62	530	755
General menu	2	60	2900
Total	785	3994	409

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	May 20	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	5.03	−6	5.09
USSR SKS-14	(1)	(1)	(1)
French Milling [2]	3.30	−21	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	4.57	0	5.03
U.S. No. 2 Hard Winter:			
13.5 percent	3.90	−10	4.89
No. 3 Hard Amber Durum	6.63	−15	6.50
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	3.40	+3	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.10	+5	3.34
French Maize [2]	3.13	+7	(1)
Argentine Plate corn	3.86	+2	3.64
U.S. No. 2 sorghum	2.92	−12	3.04
Argentine-Granifero sorghum	2.87	−15	3.02
U.S. No. 3 Feed barley	2.05	−11	2.91
Soybeans:			
U.S. No. 2 Yellow	5.80	+11	6.31
EC import levies:			
Wheat	1.84	+9	.21
Corn	1.15	+6	.24
Sorghum	1.29	−4	.52

[1] Not quoted. [2] Basis c.i.f. west coast, England.
NOTE: Price basis 30- to 60-day delivery.

Brazil To Increase Corn Exports in 1975-76

With a record corn harvest estimated at 16 million metric tons—up about 7 percent from 1974-75—Brazil is expected to push corn exports in 1975-76 to help offset its huge overall trade deficit. Most sources look for exports in the neighborhood of 1.7 to 1.8 million tons in 1975-76, compared with 1.3 million in 1974-75 and only 42,000 in 1973-74. Brazilian corn is exported primarily to European markets.

Portugal's Grain Imports Expected To Decline

A moderate drop in Portugal's grain imports is expected in 1975-76 if the 18 percent increase in total grain production currently forecast for this year materializes. Favorable spring weather has greatly enhanced prospects for wheat producti which may top 780,000 metric tons—up 35 percent fr 1974's.

Some improvement is anticipated in corn producti mainly from increased acreage, but Government efforts increase corn production are not expected to have any gr impact this year. Imports of wheat and corn for 1975-76 currently estimated at 250,000 tons and 1 million tons, spectively, compared with record levels of 470,000 tons a 1.25 million tons estimated for 1974-75.

Sorghum imports, however, are expected to increase if price relationship with corn is favorable. Imports of wh and feedgrains during the first 10 months (July-April) 1974-75 totaled 1.5 million tons, 80 percent of which w from the United States. The United States should rem Portugal's principal source of wheat and feedgrain sup in 1975-76.

Bangladesh May Need To Import Additional U.S. Foodgrains

Preliminary indications are that Bangladesh may ne around 1 million tons of foodgrains (800,000 tons of wh and 200,000 of rice) from the United States for fiscal 19 This would provide the major portion of grain for feed the urban population of Bangladesh. Thus far in 1974- Bangladesh has agreements for 845,000 tons of U.S. fo aid (550,000 tons of wheat and 295,400 of rice).

Argentine Corn Further Damaged by Weather

The Argentine corn crop, which was severely hit by t rential rains in mid-March, was further damaged, and harvest delayed, by adverse weather during April. The f official estimate 2 months ago put this season's product at 9 million metric tons, but trade sources lowered the p diction to 8.4 million because of heavy rain damage.

Still more rain, high humidity, and high temperatures April probably caused further injury to the 1975 crop, l the extent of damage is unknown at this time. Although official estimate has not been made recently, it is likely t the figure may be somewhat short of the unofficial estim of 8.4 million tons.

Mixed Feed Output Decline In Japan Slows in April

Mixed feed output in Japan, spurred by increased prices retailers in March, appears to have been 1,360,000 me tons in April—the same as in April 1974. This is the f time since October 1974 that mixed feed output has declined relative to the same month in the previous year.

Despite the improved showing in April, mixed feed p duction of only 16.8 million tons is expected during Japa

cal 1975 (April 1975-March 1976), compared with 17 illion tons in Japanese fiscal 1974. A 21 percent drop in the urth quarter (January-March 1975) of that year, compared ith the corresponding period a year earlier, had a considable impact on the annual production comparison .

The reduction in mixed feed output in January-March)75 is reflected in Japan's imports of corn and grain sorium, which were down by 10 percent and 12 percent, spectively, for the first quarter compared with the same iarter of the previous year.

:OTTON

/est German Cotton Consumption ontinues Moderate Decline

West German cotton use continues its moderate downtrend, hile manmade fibers bear the brunt of textile production itbacks. The West German textile industry has been deessed since late 1974 by the worldwide textile recession, ough to a lesser extent than industries in neighboring counies, thanks to West Germany's relative economic strength. ecovery is not expected by the industry before late 1975.

The cotton sector has been the least affected, benefiting is season from current fashion trends, consumer preferices for natural fibers, and more attractive prices than those r manmade fibers. During the first 5 months of the current ason cotton consumption fell 4.7 percent, compared with e same months a year earlier, while that of manmade fibers eclined 15.5 percent. Cotton consumption for the entire ason is forecast to fall only 3 percent to an estimated 1 illion bales.

West Germany is Western Europe's largest cotton user. espite cotton's relatively stronger competitive position this ason than that of manmade fiber, cotton consumption will at the lowest level since the late 1950's, when mill use eraged about 1.4 million bales. The downtrend in cotton e in recent years, common to all West European countries, flects increased competition from manmade fibers and owing yarn and textile imports. The setback to manmade oers this season stems from relatively favorable price and pply factors for cotton.

SUGAR AND TROPICAL PRODUCTS

'ory Coast Harvesting ecord Cocoa Crop

The 1974-75 Ivory Coast cocoa bean crop is now expected reach a record 230,000 metric tons, 12 percent more than e 1973-74 harvest of 206,000 tons. Purchases of cocoa :ans from Ivoirain farmers through April 18, 1975, have ready totaled 217,500 tons, and prospects for the summer op appear favorable.

idia Harvests ecord Tea Crop

According to preliminary data, India's 1974 tea production taled a record 492,000 metric tons, up nearly 5 percent over the previous alltime high of 470,000 tons in 1973. The North Indian harvest amounted to a record 390,000 tons, compared with 366,513 in 1973. However, South Indian production amounted to 100,083 tons, off slightly from the 101,769 tons of a year earlier. Production in other areas of India usually amounts to 1,500-2,000 tons annually.

India's exports of tea for the first 10 months of 1974 totaled 155,393 tons, up from 144,318 tons during the corresponding period of a year earlier. Total exports in 1973 were 188,192 tons.

GENERAL

Agriculture Group Role Clarified

The relationship between the Multilateral Trade Negotiations (MTN) tariffs and nontariff measures groups and the MTN agriculture group—a major point of contention between the United States and the European Community—was clarified at the agriculture group's May 8 meeting.

The agriculture group will treat tariffs and nontariff measures relating to agricultural products in conjunction with the tariffs and nontariff measures groups. Tariffs and nontariff measures of a general nature affecting agriculture can also be taken up in the tariffs and nontariff measures groups. This agreement in the agriculture group was made possible by intensive negotiations between the United States and the European Community prior to the May 8 meeting.

The agriculture group established negotiating subgroups for grains, meat (including live animals), and dairy products. The grains subgroup was to meet May 26, and the meat and dairy subgroups have been provisionally scheduled to meet June 16 and 23, respectively. The agriculture group postponed its decision on whether to create subgroups on some tariffs or nontariff measures and will meet again July 8.

Trade Negotiations Hearings Scheduled for June

Public hearings for the multilateral trade negotiations (MTN), will begin in early June, according to a recent announcement by Ambassador Frederick B. Dent, the President's Special Representative for Trade Negotiations. The hearings will cover all aspects of the negotiations, and Ambassador Dent urged all persons with an interest in the negotiations to present their views either in writing or by appearing before the Trade Policy Staff Committee which will conduct the hearings for the Administration.

The hearings are authorized by Section 133 of the Trade Act of 1974, and are intended to provide an opportunity for individuals and ogranizations to make their views known to the Administration.

Under a notice published in the Federal Register of May 1, the Committee announced that it would receive requests to appear and present testimony until the close of business, May 23. The due date for submitting briefs is May 30. Requests should be addressed to the Office of the Special Representative for Trade Negotiations, 1800 G Street NW, Washington, D.C. 20506.

The Committee will soon announce the dates and locations of the hearings. The Committee plans to hold meetings in Washington, D.C., and in other cities to be determined.

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